FOREIGN AGRICULTURE

April
1980

United States Department of Agriculture Foreign Agricultural Service

Growing Japanese Livestock Industry Boosts U.S. Feedgrain Exports ● Lag in Mexico's Meat Output ● Few Bright Spots in World Food Prices ● Record U.S. Cotton Exports to China

Role of U.S. Aid Vital To Growing Food Needs Of Developing Countries

The presence of 400 million to 500 million malnourished people in the developing nations is a chronic cause of distress to a humanitarian nation such as the United States.

As of January 1980, the Food and Agriculture Organization (FAO) of the United Nations listed 26 countries as affected by abnormal food shortages as a result of poor crops, the effects of war, or difficult economic situations—about double the number a year earlier.

Total world food production (excluding China) fell more than 2 percent in 1979—the first decline in 7 years. These generally smaller crops—the U.S. crop was an exception—followed generally high levels of production in 1978.

Output in 1979 declined most in the developed countries (about 3 percent) because of a 12-percent drop in Soviet food production. In the developing countries food production fell about 1 percent.

Measured on a per capita basis, world food production fell more than 3.5 percent, with that of developing countries declining slightly more because of their rapid growth of population.

Among the developing regions, food production fell most sharply in South Asia, primarily the result of a decline in India's production. Only East Asia and Latin America recorded increases.

Elsewhere in Asia, the food situation remains critical in Kampuchea, complicated by the difficult political situation there.

Afghanistan faced food problems even before the Soviet invasion because drought had seriously reduced the 1979 wheat crop. The invasion led to a flow of refugees into Pakistan estimated by the United Nations at 700,000 persons. In response to an urgent request from the UN/FAO World Food Program, the United States announced in January that it would ship nearly $4 million worth of wheat, vegetable oil, and nonfat dry milk to Pakistan (at a shipping cost of $2.2 million) to help the refugees.

The decline in African food production continues. Overall per capita food production there is estimated to be well below levels 15 years earlier. Although our data for Africa are less firm than for many other parts of the world, they do suggest the seriousness of Africa's food problems.

The level of world grain stocks gives some measure of the current degree of world food security as we move into the 1980's. Total grain stocks are expected to fall about 9 percent in 1979/80 to a level that represents 14.6 percent of expected grain consumption. Stocks were 16 percent of consumption in 1978/79, 10.7 percent at their low point in the 1970's (1974/75), and 18 to 21 percent in the years of surplus in the late 1960's. The concentration of these grain stocks in the developed exporting countries has increased, with the United States expected to hold 30 percent of all wheat stocks and 62 percent of all coarse grain stocks by the end of the 1979/80 season, compared with 24 percent and 49 percent, respectively, at the end of 1978/79.

In many ways, the developing countries are less able to help themselves than has been the case in earlier years. The pressures of inflation and rising energy costs are a burden to most oil-importing nations. They are having a radical effect on the poorer nations.

After oil prices quadrupled in 1973, the combined current account deficit for those countries jumped from an average of $4 billion to nearly $21 billion. This year, it is estimated that the current account deficits of developing countries without their own petroleum will rise to record levels ranging from $64 billion to $73 billion.

The fact is that we may see a rapid deterioration in the capacity of the oil-deficit developing countries to import food commercially—or to import the fertilizer, capital equipment, and other items necessary to increase their domestic food production. This is a cause for serious concern.

Thus, the needs for food aid in these countries are growing and the U.S. contribution toward these needs has become increasingly important.

—From remarks by Secretary of Agriculture Bob Bergland before the Committee on Foreign Affairs, U.S. House of Representatives.

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Cover photo: Bananas in an Ecuadorean marketplace

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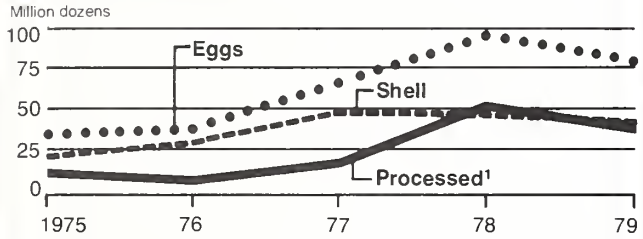
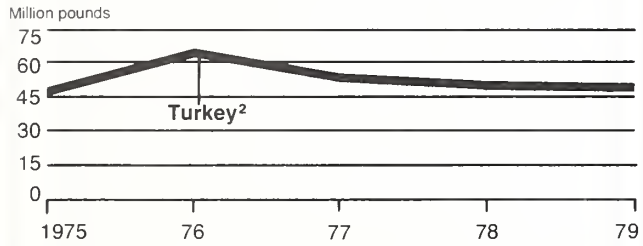
AGRI-DATA

U.S. Exports of Poultry Products

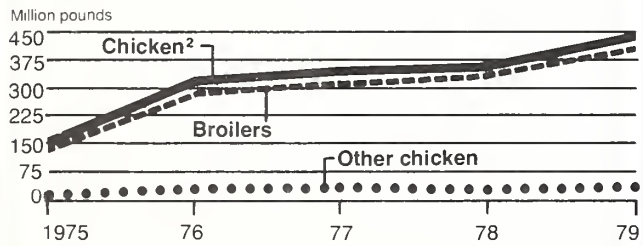
Eggs



Turkeys

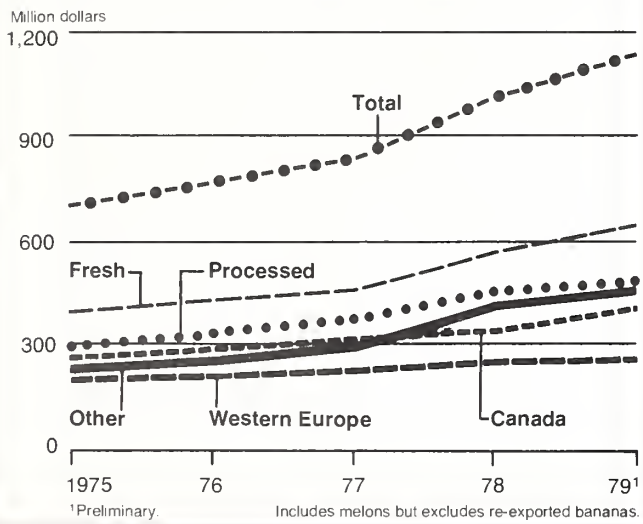


Chickens



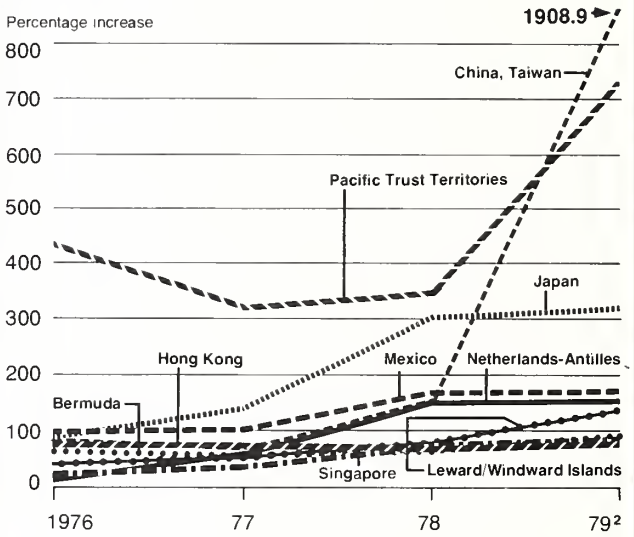
[1]Shell eggs plus the shell-egg equivalent of egg products.
[2]Ready to cook weight.

U.S. Fruit Exports by Destination



[1]Preliminary. Includes melons but excludes re-exported bananas.

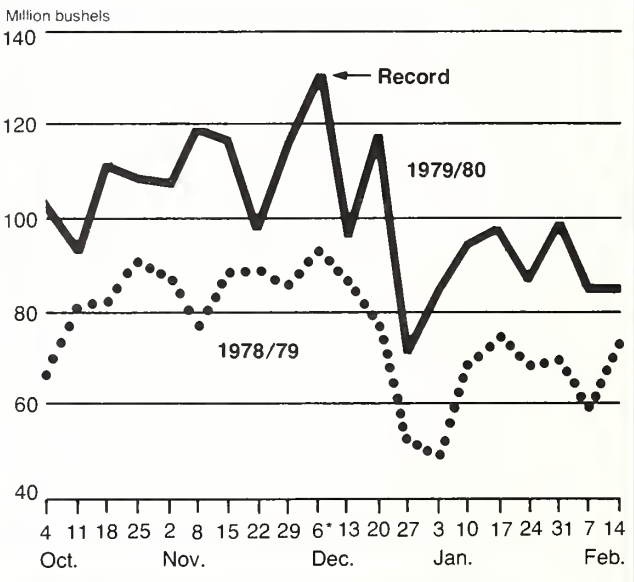
U.S. Beef and Veal Exports: Selected Growth Markets; Percentage Increase from 1973-75, Average Volume[1].



Japan 8440.3; Bermuda 526.3; Hong Kong 343.3; Netherlands-Antilles 502.6; Mexico 284.6; Pacific Trust Territories 86.6; Leward/Windward Islands 214.6; Singapore 212.0; China, Taiwan 112.0

[1]1973/75 Average Volume (MT).
[2]Preliminary.

Weekly Inspection of U.S. Grains[1] and Soybeans for Export[2]



[1]Grains include corn, wheat, sorghum, barley, and oats. *Record.
[2]Week ending on date given.

COMMODITY UPDATE

WORLD COTTON PRODUCTION IN 1979/80 IS ESTIMATED AT 65.3 MILLION BALES, the same level reported last month.

Foreign production is estimated at 50.5 million bales, up about 50,000 from the February estimate. These data indicate 1979/80 world production will increase 9 percent and output outside the United States 3 percent from 1978/79 levels.

The production estimate for Pakistan has been increased by 150,000 bales to 3.1 million bales as yields appear to be higher than earlier expected. However, Paraguay's production estimate was revised downward by 100,000 bales to 300,000 as financial difficulties, 1979's poor cotton yield, and an expected low Government base price for cotton discouraged planting.

World consumption in 1979/80 is expected to reach a record 64.5 million bales, up 1.6 million from last year's. This high consumption level has increased demand so that U.S. exports are now estimated at 8.0 million bales, the highest level since 1932/33.

A U.S. FLUE-CURED TOBACCO DELEGATION VISITED BRAZIL FEBRUARY 22-29 AND REPORTS that Brazil's 1980 flue cured crop is estimated at 150,000 tons, about 5 percent larger than the 1979 crop. (These data exclude 71,000 tons of flue-cured Amarelinho, which is consumed domestically.)

The quality of the 1980 crop is reported as the best ever produced in Brazil. The 1980 crop's improved quality is a result of a combination of factors: A new grading system, improved cultural practices, closer grower supervision, and favorable growing conditions.

Harvest of the 1980 crop was virtually complete by the end of February, with approximately 20 percent of the crop sold and the rest in storage in farm packhouses.

Producer prices in 1980 are up more than 60 percent from 1979's. But because of inflation—at nearly 80 percent—farmers are dissatisfied with the current price (32 cruzeiros, or 70 U.S. cents per kilogram) and are asking for a 113-percent increase. The Federal Government is considering the growers, request.

The delegation reports that approximately 65 percent of Brazil's 1980 flue-cured crop is expected to be sold in the export market.

WORLD POTATO PRODUCTION IN 1979 AT 257 MILLION METRIC TONS WAS VIRTUALLY UNCHANGED from the 1978 level, primarily because bumper harvests in Poland and India offset reductions in West European and U.S. output.

In Western Europe, depressed prices led to smaller planted area. This, coupled with reduced yields, caused production to fall 7 percent below the 1978 level. Potato output in the European Community (EC) decreased sharply, principally because the crop in West Germany—the Community's leading potato producer—was off 17 percent. Potato production was also down in every other EC country, with significant reductions in France, the Netherlands, and the United Kingdom. Production decreased in a number of other countries, most notably Sweden, Norway, and Spain.

Spurred by Poland's bumper crop, Eastern Europe's potato harvest increased 6 percent in 1979 from the preceding year's total. In addition, the German Democratic Republic, Romania, and Yugoslavia reportedly had good crops.

In Asia, production advanced 11 percent from the 1978 level, stimulated by a sharp increase in India's potato output.

THE WORLD GRAIN SITUATION HAS TIGHTENED SLIGHTLY SINCE THE LAST REPORT A MONTH AGO, particularly in the coarse grains sector.

Indicated exportable coarse grain availabilities from Argentina have been reduced, the estimate of U.S. exports has been upped, and world carryover stocks have been reduced slightly. In addition, the United States continues its program of withdrawing stocks from the market to offset the impact of its Soviet sales suspension.

The indicated level of world trade continues to edge upward. Estimates of Soviet Union imports are up again this month and China and Eastern Europe are expected to import more than earlier estimates indicated.

Rice imports are also expected to be larger in Indonesia. World trade is now estimated at 193 million tons, the same level as estimated prior to the Soviet sales suspension.

Since a month ago, world grain production, utilization, and carryout-stock estimates have changed only marginally. The current total for world production, including milled rice, is 1,404 million metric tons, (1,526 million tons with rice counted on a rough basis), 3½ percent less than last year's record outturn.

The indicated level of world stocks is off marginally from the February estimate, mainly reflecting a smaller-than-earlier-indicated buildup in U.S. stocks.

ADJUSTMENTS IN BRAZILIAN AND ARGENTINE SOYBEAN PRODUCTION ESTIMATES and an upward revision in the Argentine sunflowerseed forecast highlight the March oilseed forecast.

Timely rains, particularly in the important soybean growing regions of Rio Grande du Sul, have increased yield estimates for Brazilian soybeans. As a result, 1979/80 Brazilian soybean production is now forecast at 14.7 million metric tons, 200,000 tons higher than February's forecast and 44 percent greater than 1978/79 production.

In contrast, Argentine soybean prospects have diminished somewhat from last month's forecast because of inadequate rainfall during the podfilling stage. Argentine soybean production is now estimated at 3.9 million metric tons, 7 percent below last month's forecast. Less than expected drought damage and expanded areas led to a significant increase in Argentine sunflowerseed production. Current estimates are for a 1979/80 sunflowerseed outturn of 1.6 million tons, 250,000 tons higher than last year's.

U.S. soybean exports continue to outpace 1978/79 levels. However, exports should taper off substantially in ensuing weeks as Brazilian and Argentine soybean crops start reaching export markets. As a result of the record U.S. soybean crop and improving prospects in Brazil, record U.S. soybean stocks are anticipated.

U.S. IMPORTS OF VEGETABLE FIBERS ROSE SOMEWHAT IN 1979, ALTHOUGH AVERAGE UNIT PRICES of nearly all of them also were higher.

Excluding cotton, U.S. purchases of raw and processed vegetable fiber last year totaled 91,780 tons, valued at $54.4 million, compared with 1978 totals of 86,197 tons and $48.8 million. Larger imports of abaca, coir, istle, jute, and kenaf more than offset smaller imports of broomcorn, flax, kapok, sisal, and henequen.

Average unit import value was higher than in the previous year, sometimes substantially, for all items except istle.

U.S. Farm Trade Vital To Growth of Japanese Livestock Industry During the 1980's

By William Coyle

The growth of Japan's livestock production during the 1980's will be of considerable importance to U.S. farmers. The Japanese livestock industry is heavily dependent on imported feedgrains and oilseeds—commodities that annually rank as the leading U.S. agricultural exports.

In fact, for the three feedstuffs—corn, sorghum, and soybeans—most vital to the Japanese livestock industry, the United States was by far the top supplier to Japan during the seventies. As well, Japan ranked as the largest single country market for U.S. exports of these three commodities during the same period.

Because Japanese livestock feeding accounts for 80-85 percent of all coarse grain consumption in that country, and since only 2 percent of total consumption is produced domestically, massive amounts are imported each year. As a result, Japan imported 17.4 million metric tons of coarse grains in 1978, with 63 percent of the total coming from the United States. Since 1970, the annual rate of increase in imports has been 6.9 percent—or an average increase in volume of about 900,000 tons a year.

As a market over the past decade, Japan has taken one-fifth of total U.S. corn exports, half of U.S. sorghum exports and more than one-fifth of U.S. exports of soybeans. The combined value of these three commodities alone has averaged almost $2 billion a year during 1976-78, and represented about half of the total value of U.S. agricultural exports to the Japanese market during the seventies.

From the Japanese perspective, the United States has clearly been the dominant supplier of these three feedstuffs. About three-fourths of Japan's corn imports, more than half of its imported sorghum, and more than 90 percent of its soybean imports have come from the United States.

Thus, the importance of the Japanese market cannot be underestimated. At the outset of the eighties, it is important to look ahead and focus on future expansion.

The critical determinants of growth in the imports of feedstuffs, such as corn, sorghum, and soybeans, will be these:

- Growth in domestic livestock production and corresponding growth in demand for feedstuffs;
- Growth in domestic coarse grain and forage production; and
- Consequences of the Japanese surplus rice program. (The Government has announced its intention to subsidize 2.1 million tons of rice (brown) for use in formula feed rations through 1983/84).

Japanese livestock production will continue to expand throughout the eighties as it responds to growing consumer demand for livestock products. The rate of increase will depend on real per capita income growth, population growth, income elasticities of demand for finished livestock products, and Government policies.

Growth of the real Gross National Product (GNP) during the eighties is expected to increase at a more moderate rate than has been the case in past years, especially prior to 1972. An annual growth rate of about 4.5 percent probably can be expected. Population growth slowed during the seventies, dropping from 1.4 percent in 1971 to about 1.0 percent in 1979—a rate which probably will persist through the 1980's. Therefore, per capita income should grow about 3-4 percent.

Japanese consumption of livestock products will be stimulated by these increases in real income. The extent to which the consumers increase their expenditures on livestock products will depend on how they respond to increases in real income. Measures of income elasticity of demand for livestock products have varied considerably from study to study. The following ranges of income elasticity estimates are for overlapping time

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periods between 1955 and 1975:

Beef and veal	1.02-1.60
Pork	1.22-2.78
Chicken	.56-3.10
Eggs	-.66-1.42
Fluid milk	.56-2.12

Over the next 5 years, income elasticities of demand for major livestock products will probably move toward the lower end of the above ranges because of a general tendency for consumption of foods to become less income elastic as real income rises. The following income elasticities of demand are anticipated for the 1980-85 period:

Beef and veal	1.02
Pork	1.22
Chicken	.56
Eggs	0
Dairy products	.56

The elasticity for beef is relatively lower than that for pork. Beef is so highly priced in Japan relative to other meats and fish that it is in a category of its own. Typically, beef is—and is expected to continue to be—consumed away from home, that is, at restaurants or fast-food outlets and frequently on business expense accounts. Historical evidences indicate that the income elasticity of demand for dairy products will be low and that for eggs will probably be near zero based on the likelihood that per capita consumption of this commodity has already reached the saturation point.

Japan's trade and agricultural policy in the eighties also will affect the level of Japanese livestock production. The Government is pervasively involved in the agricultural sector. Beef production is protected by an annual import quota and a 25 percent ad valorem tariff, while pork prices are stabilized by the purchase and sale of stocks and by a variable duty applied to imports. Poultry also is protected by a 20 percent tariff, egg products by a 20 percent tariff, and dairy products by a 25-35 percent tariff.

The Government has established certain self-sufficiency goals for 1985 that help guide policy for the principal livestock products. The targeted percentages of self-sufficiency are: Beef, 81; pork, 99; chicken, 100; eggs, 100; and milk and milk products, 94.

Although past experiences would suggest that these goals could be reached, they are probably on the ambitious side—especially those for beef and dairy, since land is a serious constraint in expanding beef and dairy production.

Based on these ratios, expected increases in real income, and income elasticities measures, Japan's production of the major livestock products can be estimated, in thousands of metric tons, as follows for 1985/86:

Item	*1978/79*	*1985/86*
Beef and veal	407	620
Pork	1,348	2,120
Broilers	931	1,220
Eggs	1,969	2,160
Dairy products	6,348	7,550

Assessing these estimated production levels, special emphasis is placed on Japan's import demand for grain and protein feedstuffs used as feed because of their importance to U.S. agriculture.

The principal factors that will affect the import demand for these feedstuffs are Japan's grain and oilmeal conversion rates for different livestock categories; domestic production of pasture, forage products, coarse grains; and oilmeals and the subsidized use of rice in formula feed in the early eighties.

Since 1970, Japanese livestock producers have become more efficient in their feeding. Changes in feed conversion rates will depend on technological and managerial developments as well as the increased commercialization of production—especially for pork, dairy, and beef.

The grain conversion rates are expected to increase for beef and veal, pork, and dairy as land becomes more limited and confined feeding increases. Rates for broilers and eggs, on the other hand, will decline slightly with further technological and managerial advances in those industries. A similar pattern will be observed in rates for oilmeals.

Given expected production levels and estimated conversion rates, feedgrain and protein meal consumption by livestock is projected to increase about 5.3 percent per year through 1985/86.

Indicative of the land problem in Japan are figures on domestic production of grasses and other fodder that have shown increases in recent years, but the gains have been slow because of poor yields and expensive land. Domestic production of forage and silage crops rose 54 percent during 1970-77 as area expanded 22.2 percent to 876,000 hectares, 80 percent of which were grasses.

The Ministry of Agriculture, Forestry and Fisheries (MAFF) anticipated in 1975 that forage area would reach 1.47 million hectares by 1985.

To reach that goal would require an increase in area of about 58 percent between 1979 and 1985, using a 1979 estimate of 950,000 hectares. This would imply an annual increase of about 80,000 hectares, compared with an average annual increase of about 23,000 hectares during the seventies.

Expansion of pasture area in recent years seems to be barely keeping up with the expanding beef and dairy herd. The cattle-to-pasture area ratio declined steadily from 1970 to 1975 and then leveled off. The implication here is that pasture area probably will become less important as a source of nutrition for ruminants and that greater reliance on formula feed and imported forage products by dairy and beef producers is conceivably much

Japan's Feedgrain and Oilseed Utilization In 1979/80 and Forecast 1985/86

Item	1979/80	1985/86	Annual growth rate
	1,000 MT	*1,000 MT*	*Percent*
Domestic coarse grain production	425	495	2.5
Total coarse grain utilization	18,911	24,900	4.6
Grain used for feed	16,679	21,630	4.3
Coarse grains	16,394	21,430	4.5
Rice	100	(1)	(1)
Coarse grain imports	18,470	24,560	4.7
Total protein meal utilization[2]	4,750	6,640	5.6
Use for feed	3,700	5,050	5.2
Total protein meal imports	3,540	5,430	7.1

[1] 2.1 million metric tons of rice are scheduled to be used in formula feed through 1983/84. [2] Calculated on a soybean meal equivalent basis; does not include animal-braced meals, such as blood and bone meals.

more likely in the foreseeable future.

A more recent MAFF study projects forage crop area in Japan to be 1.56 million hectares in 1990, only slightly above the 1985 projections of 1.47 million hectares. Clearly, expansion of pasture and forage area will be a difficult challenge for the Japanese through 1985.

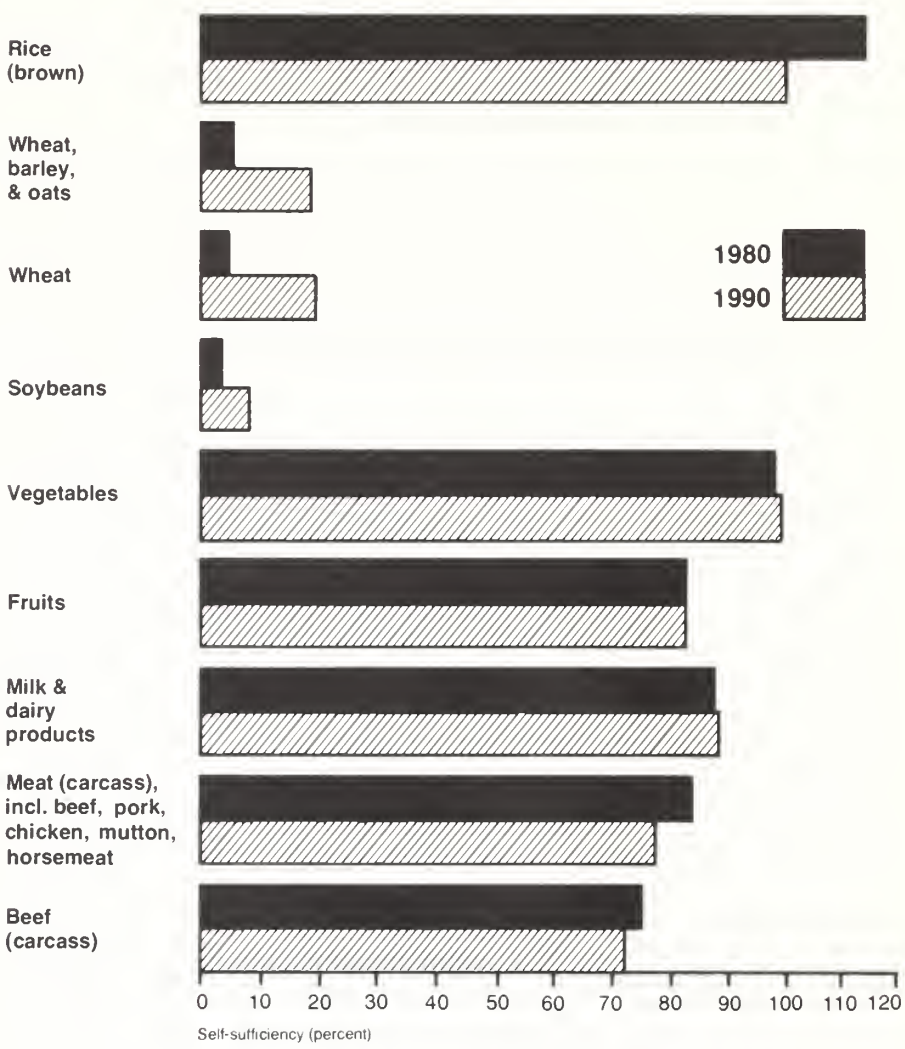
Coarse grain production in Japan has not been very important as a source of animal feed in the last 10 years. Production had been declining through 1977. However, the downtrend was reversed as a result of official efforts to divert rice area to the production of certain priority crops, including coarse grains. Production of coarse grains—mostly barley—expanded 72 percent from 232,000 tons in 1977 to 425,000 tons in 1979. Official projections show that Japan's output of barley and oats will reach 580,000 tons by 1990, an annual increase of about 13,000 tons. By 1985/86, coarse grain production should be close to 500,000 tons.

Considering the growth in domestic livestock production, limits on pasture development and coarse grain production, and the use of rice in formula-feed production through 1983/84, total feedgrain and oilmeal utilization should rise moderately.

Based on projections through 1985/86, particular interest should be focused on these developments:

- Utilization of grain as feed will increase at an annual rate of 4.3 percent over the next 6 years. This is substantially slower than the 8.3 percent annual rate between 1975/76 and 1979/80.
- Oilmeal utilization in feed is expected to increase at a faster rate than utilization of feedgrains, because rations will be upgraded with respect to the protein content. In addition, through 1983/84 the use of rice, which contains less protein than corn and sorghum, will require additional supplements of protein.
- Imports of protein feedstuffs will increase more sharply than consumption primarily because of an anticipated leveling off of domestic fishmeal production. Greater reliance will be made on soybean meal in formula rations.
- Domestic coarse grain production will increase over this period, but only to insignificant levels (less than 2 percent) with respect to total consumption. □

Japan: Extent of Self-Sufficiency, Selected Food Groups, 1980 and 1990 (MAFF projections).



Japan's Food Self-Sufficiency Goals

Self-sufficiency in Japanese agricultural production—to the extent possible within the country's limited land and sea resources—is one of the basic tenets of Japan's agricultural policy. Goals for self-sufficiency in key food items are reviewed and updated every 5 years by the Ministry of Agriculture, Forestry, and Fisheries (MAFF).

The latest projections, presented here, have been prepared by MAFF for approval (expected this spring) by the Japanese Agricultural Policy Board. MAFF's projections for 1990 are based on these assumptions:

- Nutritionally, Japan's caloric intake will stabilize at the present level of 2,500 calories per day.
- Continuing change is anticipated among components of diet. For example, rice consumption—although high—will decline slightly, while consumption of meats—particularly beef—and fats and oils will continue to increase.
- The trend toward meals away from home will increase, and more ready-to-eat processed foods will be purchased.
- Consumption of milled rice will continue to shrink, necessitating enlargement of total rice set-aside area.
- Demand for noodle-type wheat will almost all be supplied from domestic production, resulting in a lower level of wheat imports. Area planted to wheat, barley, oats, and forage crops is expected to expand.
- Cattle slaughter is expected to rise from the estimated 1979 level of 1.24 million head to 2 million head, and beef production will almost hold the pace of the expansion in beef consumption. This expansion, plus that in poultry and pork production, will result in a slight decline in the self-sufficiency level for all meats.

Mexican Government Concerned Over Lag In Meat Production

Mexico is still concerned over its failure to push meat production to a level sufficient to match the growth in population.

It has passed measures to cut exports of meat and feeder cattle, and kept cattle in the interior to better withstand pressures to export to the United States that would have arisen had cattle been pastured closer to the border.

Furthermore, the Government has involved itself for the first time in the purchase and export of meat through its basic commodity purchasing agency (CONASUPO).

CONASUPO will be responsible for ascertaining that importers buy the right kind of animals and that exporters ship the right kind of meat. In addition, the Agency will assure that toxic levels are kept to acceptable minimums by limiting purchases to animals least likely to have ingested pesticides.

In 1950, Mexico's cattle and human population were about equal, but since that time the human population has tripled, while cattle numbers have grown by only a few million head. At the beginning of 1977 and 1979, the cattle herd numbered 29.3 million head in both years. Some growth is expected in 1980, but it is likely to be nominal.

Growth in the swine herd has not exceeded 1 percent a year between 1977 and 1980, with the hog population going from 12.3 million head to 12.7 million in that period.

Although concern has been expressed at the highest Government levels about Mexico's ability to continue to supply meat to consumers at reasonable prices, most Government actions to boost the livestock population have been thwarted by natural and political events.

Insufficient rains in the northern and central regions during the summer months of 1979 developed into a severe drought during the fall which, combined with early frosts in several areas, caused severe damage to grazing land.

The Mexican Government had been under pressure from cattlemen (whose traditional market for feeder cattle and meat is the United States) to reopen the border to meat exports and to liberalize cattle exports. The Government apparently agreed to allow meat exports to resume as soon as possible. However, since Mexican meat has been unable to meet U.S. toxic standards, the Mexican Government cautioned that much would depend on the speed with which residue-testing facilities were established and approved.

Cattle slaughter in 1979 is estimated at 6.1 million head, with beef production set at 1.04 million tons (cwe—carcass-weight equivalent). Both figures were slightly above earlier estimates, largely because the drought cut the carrying capacity of pastures.

Swine slaughter in 1979 was up from 1978 levels, but at a lower level than previously estimated. Last year's swine slaughter was estimated to be 6 million head and 1980 slaughter at 6.1 million head.

Pork production reportedly has slowed because of the small sums being spent to update processing facilities and, more directly, by feed shortages caused by recent and widespread transportation problems. Pork production is set at 450,000 tons (cwe) in 1979 and is forecast at about 457,000 tons for 1980.

Bovine slaughter at federally inspected plants was down drastically in

From top: Mexican Jerseys being driven to posture; Mexican swine house. Growth in Mexico's cattle and swine sectors is expected to be nominal in 1980, with cattle showing a gain of about 3 percent.

1979 from the previous year's because of the ban on meat exports. Slaughter during the period, January-August 1979, was only 388,208 head, compared with 572,970 head in the same period of 1978. Slaughter in 1980 is expected to return to normal levels, or to possibly higher ones, as more meat is shipped to the United States. Swine slaughter at inspected plants in the same months was 322,221 head in 1978 and 405,612 in 1979.

Mexico's beef exports to the United States during 1979 were expected to reach only about 8 million pounds, 5.3 million pounds exported by early November plus a possible 2-3 million pounds shipped later in the year. An additional 2.7 million pounds, were reportedly shipped to Japan in 1979, nearly all "maquila" beef—meat processed from imported carcasses or animals.

The forecast for 1980 is for meat exports to the United States to return to pre-1979 levels as the Government is expected to encourage meat exports and to continue to discourage live cattle exports.

Feeder cattle exports during early 1979 were only about 125,000 head, nearly all entering the United States during the first 3 months of the year. Mexico's cattle export quota established for 1978/79 (September-August) was not boosted, as it had been in previous years, effectively embargoing cattle exports during most of the year.

Significant numbers of feeder cattle began to move across the border toward the end of 1979, but shipments were again cut off in January 1980.

At that time, export permits for some 411,000 head had been issued and all were believed to have crossed the border by early February.

This number is about 29,000 head less than the 440,000-head quota initially authorized and was about 105,600 head below the level permitted under the new quota set in December of 516,626 head.

The Federal Government intends to allow export of the remaining 105,600 head on the basis of agreements with the States, and details are in the process of being worked out.

Beef cattle imports from the United States are expected to reach 4,500 head in 1980, up from an estimated 4,100 head in 1979.—*Based on report from Paul A. Drazek, Assistant U.S. Agricultural Attaché, Mexico City.* □

Nigeria's Farm Imports Remain Large, Despite Self-Sufficiency Goal

By John H. Wilson

One of the leading beneficiaries of the petroleum price boom, Nigeria is caught in a food-supply dilemma. Demand pressures generated by increasing incomes and unabated population growth are offsetting by far the progress made in agricultural production. As a result, agricultural exports have fallen sharply, imports have soared, and Government attempts at curbing imports have led to uncertainty among suppliers and importers alongside higher prices for consumers.

Now, the new civilian Government, headed by President Alhaji Shehu Shagari, is taking a hard look at the problem, with emphasis on sharply expanding domestic output of farm products. Results of this undertaking have major implications for U.S. agricultural exports to Nigeria, which have risen fivefold since 1973 to make that country the largest U.S. farm market in sub-Sahara Africa.

The decline in Nigeria's agriculture and subsequent growth in farm imports coincided with the country's petroleum boom. Before and immediately after Nigeria's independence in 1960, agriculture accounted for most of the gross domestic product (GDP) and was the main source of foreign exchange. This situation quickly changed, however.

Following the end of its civil war in January 1970, Nigeria concentrated on developing petroleum reserves in the war-affected areas, boosting output from 600,000 barrels per day in 1970 to 2.2 million by 1979. This allowed Nigeria to become the world's fourth largest petroleum exporter and the No. 2 supplier—next to Saudi Arabia—of the big U.S. petroleum market. By 1979, the country was earning some $16 billion from these exports, with $8 billion coming from the United States alone.

Not surprisingly, petroleum rapidly eclipsed agriculture as a revenue earner. Last year, it accounted for about 30 percent of Nigeria's GDP, 90 percent of export earnings, and 85 percent of total Government revenue, surpassing agriculture in all measures of economic importance except employment. In the latter area, agriculture is the undisputed leader, employing about three-fourths of Nigeria's labor force and thereby sparking the current Government concern over agriculture's negative growth in production and trade. Nigeria's population is estimated at between 80 million and 85 million.

Farm Imports Soar As Demand Rises

One of the most immediate effects of Nigeria's rising national wealth has been explosive growth in demand for food—demand fueled by the one-two punch of rapid population growth and improving living standards. These trends moved Nigeria from a surplus to deficit in agricultural trade as its agricultural imports soared by more than 450 percent between 1973 and 1978 to a record $1.5 billion. Preliminary estimates indicate that imports last year declined from the 1978 level, but because of Government trade restrictions rather than any decline in apparent demand.

Far the largest shares of these imports came from the European Community and the United States.

EC agricultural exports to Nigeria rose from $277.6 million in 1975 to about $656.1 million in 1978. They

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were led by dairy products and sugar, neither of which is directly competitive with products supplied by the United States.

U.S. farm exports to Nigeria also have grown remarkably during the past 6 years, but with a 24-percent dip in 1979 from the previous year's level. From a modest $41 million in 1973, these exports shot to a record $300.6 million in 1978 and then slipped to $211.6 million last year.

The decline came in large part because of import restraints imposed on rice, which not only reduced U.S. sales in 1979 but also ended a heretofore sharply rising trend in trade. Final results for the year show U.S. rice exports to Nigeria declining to $20.1 million (42,700 tons) from the record 1978 level of $137.7 million (256,300).

The first major setback to U.S. rice trade was the Nigerian Government's October, 1, 1978, ban on imported rice packaged in bags of less than 50 kilograms. Then, 6 months later, the Government imposed licensing on all rice imports, giving the Central Bank of Nigeria (CBN) sole authority to grant or relinquish import licenses. The third and most devastating action came on September 26, 1979, when the Nigerian Government banned rice imports.

Instead of materially easing the country's balance-of-payments problems, the ban precipitated a domestic shortage accompanied by rising prices. President Shagari's goal to achieve self-sufficiency in rice had proven premature, with the result that on December 4 he ordered the CBN to issue licenses for imports of 200,000 tons of rice over the subsequent 6 months.

U.S. exports of corn to Nigeria suffered a similar fate last year, falling 28 percent from the 1978 level to 59,700 tons in the wake of restrictive trade policies by the Nigerian Government. In this case, the barriers were phytosanitary restrictions that effectively banned imports of U.S. corn during the first 7½ months of 1979. Nigeria now is permitting entry of U.S. corn, but only on the condition that all consignments be inspected and identified by the Nigerian Plant Quarantine Authorities before the corn is released.

Nigeria produces enough corn to meet most domestic food requirements. However, ever-increasing amounts are needed for the budding feed and poultry industries, which were hamstrung last year by the import restrictions and resulting feed shortages. Consequently, corn imports in 1980 are expected to resume their upward trend, perhaps reaching 200,000 tons, compared with only 60,000-65,000 tons imported in 1979. In the past, the United States has accounted for more than 95 percent of these imports.

In contrast to the disappointing results for corn and rice, U.S. wheat continues to flourish in the Nigerian market, accounting for more than half of all U.S. farm exports to Nigeria during the past 5 years. These U.S. wheat exports have risen from 244,000 tons in 1970 to 924,000 in 1979 and make up about 80 percent of Nigeria's total wheat imports.

Nigeria is vitally dependent on imports of wheat, since domestic production covers less than 1 percent of total requirements and demand is soaring as bread becomes an increasingly important part of the national diet. The continuing migration from farm to city should serve to enhance this trend as the new arrivals gain exposure to urban eating habits and are drawn away from their traditional food supplies.

Poultry meat and inedible tallow are the other major U.S. agricultural exports to Nigeria.

Shipments of poultry meat have declined since reaching a 1977 peak of $6.5 million, and here again U.S. exporters found 1979 to be a difficult year. Up until the last month of the year, U.S. exporters of poultry meat had trouble obtaining import licenses from the Central Bank. As a result, only $337,000 of their total 1979 sales of around $5.6 million were shipped before December 1979, whereas most of the poultry sold in 1978 left the United States by mid-year.

U.S. exports of tallow to Nigeria were down some in volume last year, but higher prices boosted value to a new high of $18.9 million, compared with $15.9 million in 1978.

The Nigerian Government attributes its rigid import licensing requirements to infant-industry protection and balance-of-payments problems. Nigeria experienced a recession and balance-of-payments deficit of about $4 billion in 1978, primarily because of a decline in its output and exports of petroleum.

The economy continued to slow through mid-1979 but inched upward in the latter part of the year as petroleum production rebounded and world prices for petroleum headed sharply higher. As a result, the country's GDP last year rose 9 percent above the 1978 level, foreign exchange reserves climbed $1.5 billion, and the balance-of-payments account is estimated at a positive $3 billion.

This economic improvement is expected to diminish the need for trade-restrictive policies in the immediate future.

Lagging Agriculture An Enormous Challenge

Nigeria, in the meantime, faces a formidable challenge if it is to return agriculture to a viable position in the national economy.

The World Bank, for instance, estimates that Nigeria's present population growth of around 2.6 percent annually requires an agricultural growth rate of at least 4.8-5.5 percent just to keep pace with projected consumption levels. This contrasts sharply with the 0.5 percent rate averaged in recent years.

The International Food Policy Research Institute sees this disequilibrium resulting in a food deficit of between 17 million and 20.5 million tons (cereal equivilant) by 1990, if present trends continue. Needless to say, a deficit of that magnitude would create serious economic problems for Nigeria.

President Shagari hopes to forestall such a development by making agriculture a mainstay of the economy again and achieving self-sufficiency in 5 years and a net export position in 7.

Since only about a third of the country's arable land is cultivated, considerable improvement is possible, but only if the numerous roadblocks of progress are overcome.

One obstacle of the recent past was the Sahelian drought of 1972-73, which devastated parts of Nigerian agriculture at the time and retarded agricultural expansion generally through 1976.

More important now are the fundamental problems of an agriculture dominated by smallholders with low levels of technology and efficiency.

Currently, these smallholders account for 90-95 percent of Nigeria's total agricultural output. Average

farm size is about 1.2 hectares with considerable regional variations (farms being bigger in the savanna areas and extremely small in eastern Nigeria where population density is highest). Communal ownership is still prevalent, with the Government in most cases being the trustee of the land on behalf of the operators. Only in areas near urban centers do individuals and corporations generally own their land.

Related to this problem are a number of other basic weaknesses, including:

- An inadequate marketing and distribution system;
- Outdated technology;
- Lack of adequate credit;
- Low farm income; and
- Heavy migration of the labor force to urban centers.

Agriculture in Nigeria also has been affected by marketing board practices that have offered the farmer little incentive for investment. Through 1978, for instance, there was a steady erosion in production and trade of the export crops controlled by marketing boards. These crops include peanuts, palm kernels, cotton, and cocoa beans—items that once earned sizable amounts of foreign exchange for Nigeria, only to suffer declines just about the time Nigerian farm imports began to skyrocket.

Outturns of cocoa beans and palm kernels in 1978 were down 34 and 18 percent, respectively, from their 1961-65 averages. Cotton output in 1978 was only slightly less than in the early 1960's, but exports have since fallen sharply.

Once the leading African exporter of peanuts, Nigeria has seen output of this crop decline by nearly 80 percent from the 1961-65 level, while exports plunged from an average 557,000 tons in 1961-65 to less than 1,000 tons in 1978. So great has been the erosion in output that Nigeria is now a net importer of raw peanuts and peanut oil.

Production of food crops also has performed unfavorably during much of the past decade. Output of grains in 1978 was only 13 percent above the 1961-65 average, yet Nigeria's population has jumped nearly 52 percent in 15 years.

Last year did bring some improvements over earlier years, with all major grains (rice, corn, millet, sorghum, and wheat) increasing from their 1978 levels. The largest percentage increase was in rice output, which is estimated at 19 percent above the 1978 level of 842,000 tons.

Production of livestock lags far behind the rest of agriculture—despite growing demand for high-protein food—accounting for only about 5 percent of the gross value of farm production.

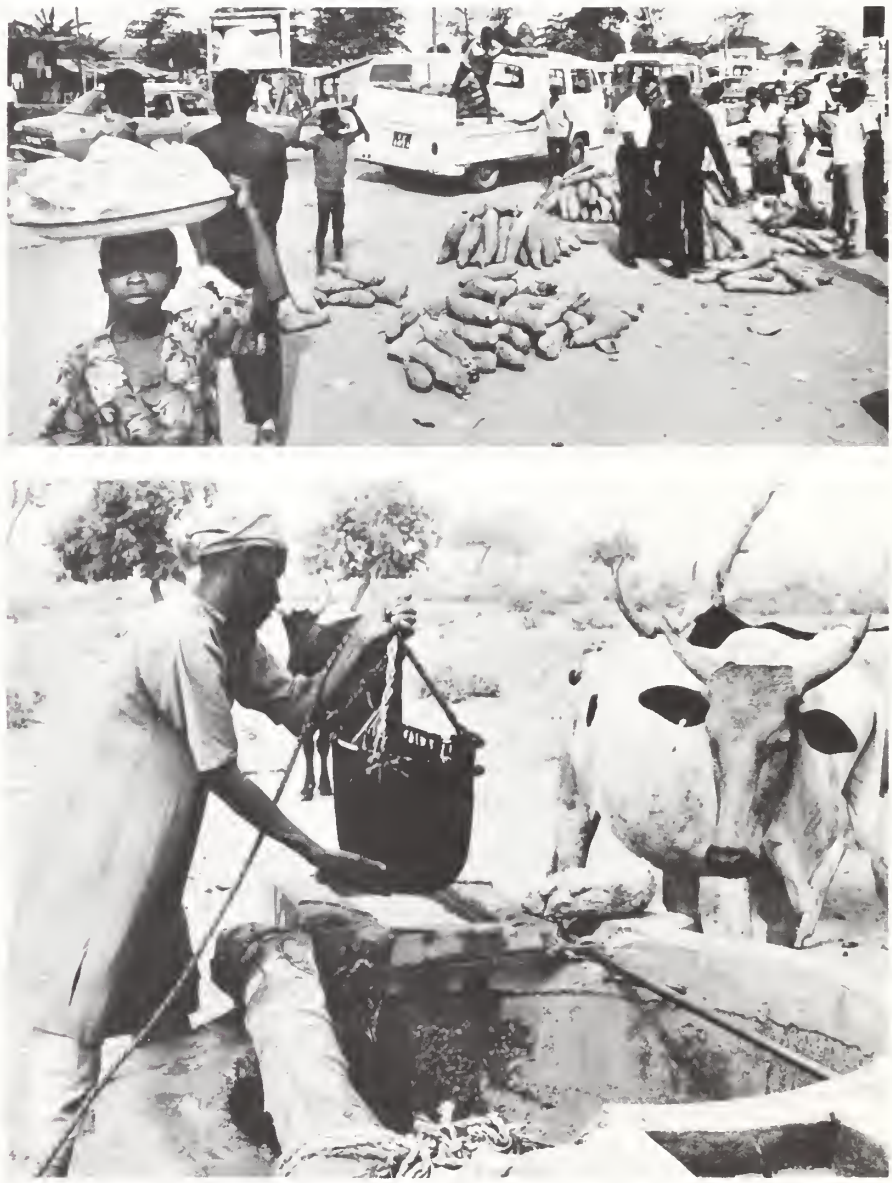
The cattle population, mainly of the Zebu-type, is currently placed at about 8.5 million head. Most of these are tended by members of the Fulani tribe in the northern states, and are relatively free of the tsetse fly. Sheep and goat herds total about 7.5 and 22.5 million head, respectively.

For the most part, livestock development in Nigeria is hampered by disease, limited grazing areas, and insufficient supplies of feed. Consequently, offtake rates are low, particularly for cattle, and domestic supplies of beef must be supplemented with imports.

Milk production also is small, totaling only about 24,000 tons in 1979, and the potential for growth is limited. With the exception of output in selected highland areas (predominantly the Jos and Manbilla Plateaus), where cows produce in excess of calves' requirements, it is cheaper to import milk than to produce it.

Poultry output has fared better, with considerable growth in the commercial sector as a result of rising urban demand for eggs. The industry, however, has been hampered by a shortage of feed and baby chicks, with the feed shortage arising in large part

Continued on page 24



From top: Cossovo tubers dominote o morket scene in Ibadan. A tribesmon in northern Nigerio draws water for his cattle.

Bulgaria Puts Fresh Emphasis on Private Sector and U.S. Trade

Bulgaria is firmly committed to the advancement of collectivized agriculture, but it is also looking to noncollectivized sources at home and abroad for help in meeting the growing food and fiber demands of its population.

Already a customer for U.S. agricultural products, Bulgaria signed an agricultural joint statement with the United States on November 26, 1979 to strengthen trade relations between the two countries. It also has reaffirmed its policies to assist its own "private" farm sector.

"We originally had agreed with the Bulgarian Ministry of Agriculture and Food Industries that its First Deputy Minister would visit the United States in April 1979, to sign the statement," commented Wilferd Phillipsen, U.S. Agricultural Attaché in Athens, who until recently also was responsible for reporting on Bulgaria's agricultural activities. (Reporting responsibility for Bulgaria has now been shifted to Belgrade.) "But on the 31st of March, Bulgaria's Central Committee abolished the Ministry of Agriculture and Food Industries, and placed the direction of agriculture in a National Agroindustrial Union," Phillipsen said.

The signing is expected to encourage cooperation and farm trade between the two countries. Although total agricultural two-way trade between Bulgaria and the United States is relatively small—just $68 million in 1978—more than 80 percent of total trade was in agricultural commodities.

The United States had exports to Bulgaria of about $25 million in corn in 1978, after having sold practically none the year before. U.S. sales of pulses, peas, beans, and lentils to that country were valued at more than $1 million in 1978. Soybean cake and meal exports were valued at more than $11 million and those of hides and skins at more than $1 million.

Phillipsen remarked that these are just the more important U.S. commodities sold to Bulgaria in 1978; the total for U.S. agricultural sales to that country was just short of $40 million, making a substantial jump over the 1977 figure. The Attaché warned, however, that this 1-year surge should not be assumed to indicate a probable trend.

The United States imported from Bulgaria in 1978 almost $23 million worth of oriental tobacco, by far its most important import commodity from that country. It also imported over $1 million worth of cheese, but all the other major agricultural imports—such as furskins, aromatic plants, and natural vegetable substances including essential oils—were each worth less than $1 million, for a collective total of $24.8 million. Thus, the United States had a favorable balance of agricultural trade with Bulgaria in 1978 of roughly $15 million, Phillipsen noted.

Bulgaria imported an estimated $47.9 million worth of agricultural products from the United States in fiscal 1979, an increase of 20 percent from the year before. The biggest selling U.S. items were soybean cake and meal, sunflowerseeds, corn, hides and skins, and tobacco. U.S. farm imports from Bulgaria totaled $23.7 million, down 5 percent from fiscal 1978, and consisted chiefly of tobacco and cheese.

Trade between the two countries is expected to grow considerably, but since Bulgaria does not have most-favored-nation status, and is not eligible for CCC (Commodity Credit Corporation) credit, or for assistance under other U.S. Government financing programs, the United States will likely remain a residual supplier to that country. This means the Bulgarians will buy agricultural commodities from many countries, based largely on price, rather than relying on the United States as a prime supplier.

The elimination of the Ministry of Agriculture and Food Industries in March 1979 and the establishment of the National Agroindustrial Union could indicate there will be more decisions concerning agriculture—especially about production inputs—made by managers of agroindustrial complexes, rather than at the Ministerial level.

This is a step of real importance since, in the past, the Ministry did all the planning for the country's 164 agroindustrial complexes responsible for operating Bulgaria's agricultural sector. Now, it seems that planning for major crops will be done at the Ministerial level, and for minor crops at the lower level, where policy and operation are closely intertwined.

The Central committee has acknowledged by several actions the importance of Bulgarian agriculture's so-called private sector. It has enacted a law that has resulted in the lending of Government-owned marginal land to family units for their own uses in sizes based on several factors: The number of family members, location of the land, whether irrigated or not, accessibility, and distance from markets.

As a result of these determinants, a family might find itself holding as little as 3 decars (0.3 hectare) of watered land or as much as 1.5 hectares in the less accessible mountain areas. Unirrigated land holdings are, of course, larger than those with water.

But although these land holdings are of minimal size, the importance of their production is attested by a declaration of the Central Committee that the private sector "is indispensible" to the country's agriculture.

A statement in March 1979 said that

By Marcellus P. Murphy, staff writer, Foreign Agriculture.

the Government not only is going to promote production in the private farm sector, but also will make available from Government sources inputs such as fodder, concentrates, seeds, and breeding cattle. The Government also said it would help the plot holders to organize the sale of their products.

In 1978, the private sector produced about one-quarter by volume of the country's food and fiber, so it is easy to see why the Government wants to organize the sector's output and why the farmers would rather not have it organized.

In that year, the private sector produced 39 percent of Bulgaria's meat, 24 percent of the milk, 51 percent of the eggs, 49 percent of the potatoes, 38 percent of the fruit, and 80 percent of the honey—exports of which provide about $2 million of Bulgaria's hard-currency earnings. Some 27 percent of the wool and over 90 percent of Bulgaria's silk cocoons also come from these private operators.

Bulgaria's most important production role, however, is still played by collectivized agricultural units. Of the country's population—close to 8.8 million—21 percent of the country's labor force of 4.7 million are employed at collectivized agriculture, while the number working "private" plots ebbs and flows according to circumstances but is minimal at all times. Much of the rest of the working force is employed in ancillary jobs connected with agriculture and in industry and services.

Collective farms comprise some 4.5 million hectares, with only about 600,000 hectares in "private" plots. Together, the two segments directly and indirectly employ about 28 percent of the population and produce some 22 percent of the country's gross national income.

Bulgaria is in its seventh 5-year plan. The latest got underway in 1976 and emphasizes reconstruction and modernization of existing industrial production facilities, while paying less attention to the agricultural sector, which continues to be a major producer of export products to the West.

"Apparently the agricultural objectives of Bulgaria's latest 5-year plan—which envisages a rise in farm production of 20 percent by 1980—are not going to be met," Phillipsen said. "The severity of 1977's setback—too much moisture during the planting season, too little rain right after that, massive hail storms in July that ripped into wheat and other grains, and hail storms in August that slashed the tobacco and fruit crops—have not been offset by the 5-percent production gain in 1978."

As it now stands, production at the end of 1978—1 percent below targeted levels—means that output must rise by 21 percent if the 1980 target is to be met. □

From top: Bulgarian workers in tobacco field; intercooperative pig breeding farm at Knezha in northwest Bulgaria. Although Government-sponsored agricultural production units such as cooperatives raise the largest percentage of Bulgaria's farm output, including Bulgarian tobacco—some of which is exported to the United States—private-plot production also plays an important role. For example, in 1978, the private sector produced 39 percent of Bulgaria's meat, 24 percent of the milk, 51 percent of the eggs, 49 percent of the potatoes, 38 percent of the fruit, and 80 percent of the honey.

U.S. Farm Exports Reach Record $34.7 Billion in Calendar '79

By Stephen R. Milmoe

Exports of U.S. agricultural products reached a record $34.7 billion during calendar 1979—a $5.3 billion jump (18 percent) over the previous record, set in 1978. Total export tonnage increased 8 percent to 146.2 million metric tons. (All data in this report have been adjusted for transshipment.)

Japan remained the largest country market—$5.3 billion, up 18 percent from the 1978 level. The market share held stable at 15 percent.

The Soviet Union was the second largest market, importing $2.9 billion worth of U.S. farm products—mostly grain.

U.S. exports to Iran fell off by 16 percent.

The United States imported a record $16.7 billion worth of agricultural products during 1979, a 13 percent increase over the 1978 level, largely as a result of increased tonnage. Although Brazil remained the major source, it lost 1 percent of its year-earlier market share—primarily through reduced shipments of coffee (down 40 percent) and cocoa products (down 6 percent).

Values of U.S. imports for both competitive and noncompetitive products were at record levels in 1979. Competitive products increased 22 percent to $9.5 billion, with meat and meat products showing a 37 percent rise ($2.5 billion), and sugar and related products a 34 percent gain ($1.2 billion). Noncompetitive products increased 3 percent, led by record imports of rubber.

The total export value of grain and preparations rose $2.8 billion or 24 percent in 1979, largely as a result of a 24 percent increase in the unit value of wheat ($158 per ton) and a 12 percent gain in the unit value of corn ($118 per ton). The United States exported 59.2 million tons (2.3 billion bushels) of corn in 1979, up nearly 10 million tons from the 1978 total.

The burgeoning world market for U.S. corn in the past 8 years is in sharp contrast to the sluggish pace of the late 1960's and early 70's, when the United States was exporting approximately 14 million tons a year.

The quantity of wheat and rice exports fell slightly below 1978 levels, although the total export value of wheat and products rose 21 percent to a record $5.6 billion.

The Soviet Union took 17.6 million tons of wheat, corn, and barley in 1979 versus 12.9 million tons the year before—a 37 percent increase. Value of these shipments increased 59 percent to $2.2 billion. Japan purchased 15.6 million tons of wheat and feedgrains—a 10 percent increase over 1978 imports of these grains. China also increased its market share of U.S. grains by importing 3.9 million tons of wheat and feedgrains, nearly 1 million tons more than in 1978.

Exports of oilseeds and products increased 9 percent to $9.1 billion in 1979, reflecting an 11 percent increase in the unit value of soybean meal ($233 per ton), an 11 percent increase in soybean oil ($681 per ton), and an 8 percent increase in soybeans ($273 per ton). The total U.S. export value of sunflowerseed continues to grow ($380 million), largely as a result of a 10 percent increase in the unit value to $287 per ton.

Export volume of oil cake and meal to Western Europe dropped by 7 percent, although dollar value rose by 1 percent. The Netherlands imported nearly 900,000 tons of oil cake and meal in 1979, 35 percent more than in 1978. Exports to West Germany fell by 48 percent to 588,583 tons.

Canada and Mexico imported nearly $144 million worth of U.S. oilseed cake and meal, a 32 percent increase over 1978 shipments.

Eastern Europe took 19 percent more meal in 1979.

In addition to importing almost $190 million in oil meal, the Netherlands also absorbed $1.2 billion worth of soybeans for its prolific crushing

Farm Export Highlights

- An agricultural trade surplus of $18 billion in calendar 1979 helped reduce the total U.S. trade deficit from $32.2 billion to $27.5 billion.
- Exports to developed countries increased by 11 percent, with Japan (up 18 percent) and Western Europe (up 8 percent) in the forefront,
- Exports to developing countries also rose by 11 percent. South and Central America were up 17 and 13 percent, respectively. Colombia, Peru, Venezuela, and the Dominican Republic had the largest gains. Exports to South Korea and Taiwan also increased substantially.
- Dramatic gains were realized in U.S. farm exports to Eastern Europe—76 percent in total value, largely as a result of the grain crop failure there last year.
- Exports to China increased to $990 million from $573 million in 1978. Cotton and grain accounted for most of the gain.

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operations. Although the largest U.S. soybean export markets remained the Netherlands and Japan and their total dollar value increased over 1978 levels, tonnage shipped to these destinations dropped by 6 and 4 percent, respectively.

The Soviet Union imported 1.8 million tons of soybeans at $269 per ton. Both the import bill and tonnage received were approximately 145 percent greater than in 1978.

Export value of soybean oil—the largest component of vegetable oils and waxes—rose 35 percent to $769 million in 1979, reflecting primarily a 22 percent increase in quantity to 1.13 million tons. India's demand for U.S. soy oil was down 16 percent in 1979 although, at $736 per ton, its total import bill was 1 percent higher than for 1978.

Unit value of whole cattle hide exports jumped 52 percent in 1979 as slaughter fell off during the cattle rebuilding cycle. Export volume was down by 7 percent.

Exports of unmanufactured tobacco fell significantly in 1979, largely the result of lower demand in the United Kingdom. Total volume fell by 19 percent to 257,387 tons and value dropped 13 percent to $1.18 billion.

Export value of animals and animal products increased by 24 percent during 1979, reaching a record $3.76 billion. Hides and skins (excluding furskins) increased 42 percent in value, while dairy products decreased by 14 percent, primarily as a result of reduced shipments of nonfat dry milk to India.

Tonnage of fats, oils, and greases shipped in 1979 rose a modest 4 percent to 1.33 million tons. Egypt remained the most important U.S. market for inedible tallow—the largest category—at $72 million, with the Soviet Union and Korea not far behind at $58 million and $55 million, respectively.

Exports of meats and preparations paralleled the tight U.S. supply situation. Although quantity shipped fell 5 percent, total dollar value expanded by almost 15 percent to a record $849 million.

Japanese demand for U.S. beef and veal, pork, and edible offals swelled to $342 million in 1979, 28 percent above the 1978 total.

Poultry and products continue to fill the worldwide demand for cheaper meats. The unit value of fresh and frozen poultry meat rose only 6 percent to $1,137 per ton, compared with meat and meat products, which rose 21 percent to $2,199 per ton. Although the major markets—Venezuela and Japan—slowed their imports from the 1978 pace, total export value of poultry and poultry products increased 20 percent in 1979 over the previous year's level.

Exports of cotton rose 27 percent in value ($2.2 billion) and 13 percent in quantity (1.5 million tons or 7 million 480-lb bales) in 1979. Japan remained the largest market, taking $450 million worth of raw cotton. China became the third largest U.S. export market (behind Japan and South Korea) for raw cotton.

Following a precipitous drop in the volume of raw cotton exports during 1975 and 1976, larger exports of 6.2 million bales and 6.7 million bales have been shipped in the past 2 years.

Exports of nuts and preparations were valued at $584 million in 1979, 80 percent higher than in 1978 because shelled peanuts (excluding oil stock) were included with data for nuts and preparations, instead of oilseeds. □

U.S. Agricultural Exports: Volume by Commodity, Calendar 1976-79

Commodity	1976	1977	1978	1979	1978/79 change
	1,000 MT	*1,000 MT*	*1,000 MT*	*1,000 MT*	*Percent*
Wheat and products	27,772	25,114	35,896	35,131	-2
Feedgrains and products	51,568	48,354	56,314	66,170	+18
Rice	2,106	2,181	2,351	2,335	-1
Soybeans	15,332	16,195	20,705	20,888	+1
Oilmeal	5,043	4,293	6,255	6,442	+3
Vegetable oils & waxes	1,028	1,336	1,500	1,621	+8
Cotton, excluding linters	778	1,016	1,347	1,527	+13
Tobacco	269	285	318	257	-19
Other	9,939	11,893	10,589	11,793	+11
Total[1]	113,835	110,667	135,314	146,164	+8

[1] Actual export tonnages, not converted to product equivalents. Excludes animal numbers and some commodities reported in cases, pieces, dozens, liquid measure, etc.

U.S. Agricultural Exports: Value by Commodity, Calendar 1976-79

Commodity	1976	1977	1978	1979	1978/79 change
	Mil.dol.	*Mil.dol.*	*Mil.dol.*	*Mil.dol.*	*Percent*
Dairy products	142	176	146	125	-14
Fats, oils, and greases	443	592	599	740	+23
Hides and skins, excl. furskins	518	562	686	983	+43
Meat and meat products	617	610	743	853	+15
Poultry and poultry products	263	312	341	409	+20
Other	397	414	519	655	+26
Total animals and products	2,380	2,666	3,033	3,765	+24
Feedgrains and products	6,024	4,907	5,903	7,793	+32
Rice	629	693	932	854	-8
Wheat and major products	4,086	2,932	4,602	5,586	+21
Other	136	143	144	170	+19
Total grains and preparations	10,875	8,675	11,580	14,403	+24
Vegetable oils & waxes	586	834	970	1,155	+19
Soybeans	3,315	4,393	5,208	5,701	+9
Oil meal	899	953	1,300	1,478	+14
Other	270	447	697	552	-21
Total oilseeds and products[1]	5,070	6,627	8,175	8,886	+9
Cotton, excluding linters	1,049	1,529	1,740	2,198	+26
Tobacco, unmanufactured	940	1,094	1,358	1,184	-13
Fruits and preparations	770	835	1,014	1,127	+11
Nuts and preparations	198	240	324	584	+80
Vegetables and preparations	674	622	703	764	+9
Feeds and fodders	449	616	609	838	+38
Other	592	699	870	996	+28
Total products and preparations	4,672	5,635	6,618	7,692	+18
Total	22,997	23,636	29,407	34,745	+18

[1] Shelled peanuts (excluding oil stock), formerly included in this series under Oilseeds and Products, are now under Nuts and Preparations.

WORLD FOOD PRICES

Advances, Declines In January/February

Retail price declines outnumbered increases during January/February for 21 selected food items in 17 world capitals.

Abundant supplies contributed significantly to the price reductions.

At the same time, advancing production and transportation costs, coupled with firm demand, continued to push prices of other items higher during the 2-month period.

With a few exceptions, most prices in the survey fluctuated in response to supply and demand. Prices of milk and dairy products are controlled in some countries, such as Mexico, and the French Government in December decontrolled retail food prices except those for cooking oil, coffee, sugar, certain fruits and vegetables, and certain cuts of meat. In Washington, D.C., most major food chains in early March responded to a Government request for voluntary price restraint with a self-imposed 90-day holddown on many commonly purchased food items.

Beef prices generally advanced. Prices in early March were higher than January's levels in Bonn, Brussels, Ottawa, Rome, and Stockholm; lower in London, Mexico City, and Pretoria; and relatively unchanged in Canberra and The Hague. Pork prices rose to a record high in Brussels, increased in Mexico City and Stockholm, and declined in Ottawa, Tokyo, The Hague, and Washington, D.C.

A mixed bag of advances and declines in egg prices included a drop of 10 percent in Brussels and seasonally lower prices in Mexico City and Washington, D.C. Higher prices in Ottawa were attributed to rising production costs, while the upward trend in The Hague's prices stemmed in large part from stronger export demand.

Most milk prices strengthened. In Brazil, a decline in milk production was attributed to dwindling returns for producers. Additional imports of nonfat dry milk may be required.

Butter prices rose in most cities. In London, many consumers shopped for butter imported from New Zealand, which generally sells for less than the domestic price.

Cheese prices continued trending up in Bonn and Washington, D.C.; were up 10 percent from their November level in Brussels; but declined in Mexico City from the January high.

Prices for cooking oil rose in Mexico City during the 2-month period, but declined 6 percent in Brussels to the lowest level since November 1977.

Prices for fresh fruits and vegetables reflected seasonal supply-and-demand situations in the cities. □

FAS Survey of Retail Food Prices in Selected World Capitals, March, 19

[In U.S. dollars per kg[1], or units as indicated, converted at current exchange rates]

City	Steak, sirloin, boneless	Roast, chuck, boneless	Pork chops	Roast, pork, boneless	Bacon, sliced, pkgd.	Broilers, whole	Eggs, dozen	Butter	Margarine	Cheese, Cheddar	Milk, whole, liter	Oil, cooking, liter	Tomatoes	Onions, yellow	Potatoes	Apr	Oran
Bern	16.85	9.04	8.14	12.49	6.10	3.02	2.67	8.28	3.02	8.19	0.78	2.15	2.09	1.16	0.57	0	1
Bonn	14.70	8.64	7.11	5.63	11.07	2.44	1.47	5.06	1.40	7.44	.51	1.98	2.26	1.07	.39	1	1
Brasilia	2.95	2.51	3.77	5.51	5.26	1.41	.74	2.89	1.09	3.74	.22	.90	.53	.56	.31	2	
Brussels	13.21	7.31	6.10	6.38	5.79	3.59	1.52	5.17	2.48	7.24	.64	1.72	3.28	.66	.28		1
Buenos Aires	5.31	5.02	5.90	7.08	7.67	3.36	1.71	6.79	5.75	10.62	1.15	3.19	2.48	1.36	.68	2	1
Canberra	8.64	4.49	5.86	[2]	8.43	2.35	1.34	2.33	2.19	3.31	.49	1.82	.98	.60	.55	1	
Copenhagen	17.94	7.59	8.39	9.06	8.31	3.10	2.01	4.25	2.08	6.83	.64	2.83	4.44	1.28	.64	1	1
London	12.24	6.13	5.53	4.45	7.60	2.23	1.66	3.94	2.06	4.63	.74	1.97	4.34	.79	.40	1	1
Madrid	9.22	6.50	1.76	7.51	9.07	1.96	1.14	7.99	3.39	8.91	.57	1.61	.82	.52	.39		
Mexico City	4.09	4.00	3.68	4.70	4.05	2.36	.71	4.44	2.17	7.82	.34	1.22	.30	.17	.28	1	
Ottawa	7.19	4.63	3.68	3.02	3.44	2.30	.95	3.12	2.58	5.29	.59	1.89	1.31	.46	.20	1	
Paris	10.08	7.67	6.16	7.09	18.81	3.75	2.08	5.22	2.39	6.82	.57	1.83	1.31	.84	.28		1
Rome	11.48	10.27	6.64	7.25	6.04	3.14	1.67	4.70	2.23	6.04	.60	1.14	2.42	.72	.42		
Stockholm	[2]	9.32	7.73	13.73	9.41	4.55	2.27	3.81	3.10	5.96	.56	5.76	5.13	1.44	.67	1	1
The Hague	12.36	7.11	6.87	8.09	11.57	2.36	1.52	4.52	1.56	8.09	.53	1.35	1.52	.18	.16		
Tokyo	32.51	26.42	5.83	7.52	8.13	3.45	1.20	5.07	2.37	4.55	.80	2.03	3.14	.71	.85	1	1
Wash. D.C.	6.81	3.84	2.62	5.05	3.40	.86	.89	4.52	2.20	5.93	.67	1.53	1.52	.64	.42	1	
Median	11.48	7.11	5.90	7.08	7.67	2.44	1.52	4.52	2.23	6.82	.59	1.83	2.09	.71	.40	1	1

[1] 1 kilogram=2.2046 pounds; 1 liter=1.0567 quarts. [2] Unavailable.

Food prices of selected commodities are obtoined by U.S. agricultural counselors ond ottoches on the first Tuesdoy of every other month. Locol currency prices are converted to U.S. prices on the bosis of exchonge rotes on the dote of compilotion. Thus, shifts in exchonge rotes directly affect comporisons between time periods.

The objective of the survey is to reflect the level of prices in other countries of items normally purchosed by U.S. consumers. Exact comporisons ore not olwoys possible, since quality and avoilability vary greotly among countries. An ottempt is mode to mointoin consistency in the items ond outlets sampled, but they are not necessorily representotive of those in the reporting countries.

, 1980

Oranges	Bread, white, pkgd.	Rice	Sugar	Coffee, ground, roasted
1.39	1.86	1.05	0.67	8.37
1.39	1.32	1.26	.99	11.02
.94	.84	.56	.30	2.70
1.17	1.17	1.21	1.14	8.93
1.71	1.72	1.53	1.15	9.85
.76	1.08	.86	.53	21.87
1.27	1.83	1.77	1.78	10.81
1.39	.97	1.28	.78	11.07
.68	.97	1.14	.71	8.00
.22	.67	.66	.35	3.65
.96	.87	1.91	.89	8.34
1.03	2.46	1.60	.85	8.94
.97	1.99	1.14	.95	9.48
1.31	2.36	1.66	1.05	8.76
.76	(2)	.71	.89	7.27
1.10	1.32	1.32	1.04	13.09
.66	1.48	.99	.84	6.37
1.03	1.32	1.21	.89	8.93

Promotion Important To Sustain U.S. Soybean Efforts

U.S. soybean exports currently are projected at 815 million bushels, a new high, and nearly a tenth more than last season. Lower U.S. prices combined with further growth in meal and oil demand overseas are providing the impetus. However, increased competition from South American soybeans and meal following the March-May 1980 harvest will act to slow U.S. export movement in the last half of 1980.

We are still assessing the short- and long-term impacts of the President's suspension of soybean exports to the Soviets, as a result of their aggression in Afghanistan. I believe it has become apparent that the suspension will not disrupt U.S. soybean markets and exports as much as some feared. Great efforts are being made to mitigate the adverse effects of the suspension by isolating the unshipped quantities and encouraging export elsewhere.

Not all of the decisions have been made, and not all of the mechanisms are in place, but we have all been relieved to see resilience in markets at home and abroad.

One aspect of the Soviet sales suspension we are watching closely is the possible effect it may have on soybean plantings this spring. In light of the record large supplies of soybeans now on hand and the big increase in the carryover in prospect for this fall, a cut in soybean acreage would seem warranted. However, current market price relationships still appear to favor soybeans. Were this to encourage producers to plant more beans instead of corn, we could face some serious price problems in the year ahead.

This year we are again forecasting strong gains in world oilseed output. The latest projection puts the figure at 179.9 million metric tons, up 21.8 million from last year's. There will be a big expansion in Southern Hemisphere soybean crops, which will be harvested during the March-May 1980 period. If these crops are as large as expected, they will account for nearly one-half of the gain in total foreign fats and oils output in 1979/80, as well as more than three-fourths of the gain in foreign meal output.

More importantly, the expected gain in ducts available for export would represent nearly three-fourths of the expected gain Southern Hemisphere soybeans and proin all foreign oil exports and all of the estimated gain in aggregate foreign protein meal exports.

The key question is, will the expected gains in the Brazilian and Argentine soybean production actually materialize?

The answer is, without doubt, yes. Brazil has had an excellent growing season. Argentina will also have a big crop, even though yields suffered some from dry weather during January and some double-cropped beans were not planted.

The second question: What kind of competition will we face in 1980/81? Historically, in years when Southern Hemisphere crops have been cut by bad weather, the largest share of those beans and products are exported before October 1, when new-crop U.S. beans come onto world markets in quantity.

However, when Southern Hemisphere production is up substantially—as it apparently will be this year—a large part of the crop does not move into consumption until after October 1. This means that new-crop U.S. beans are likely to face heavy competition.

Granted, we anticipate world demand for soybeans and will continue strong in the coming months—in fact, throughout the 1980's. However, charting the course of growth in U.S. exports sales in the 1980's may be more difficult than during the 1970's. Our more mature markets in developed countries seem to be indicating a slower growth trend. Our sales success in developed foreign markets has led to increased competition from other soybean exporters such as Brazil and Argentina. Thus, to maintain our foreign market sales growth in the years ahead, a larger share of U.S. exports must be to emerging growth markets such as Korea and Mexico.

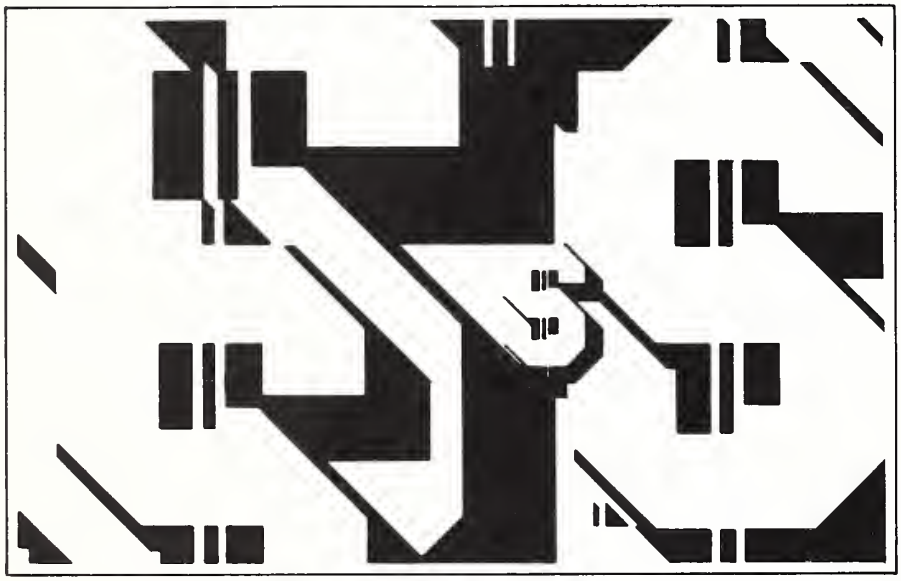
We need to be prepared to face—and counter—increasingly heavy competition for all soybean markets abroad.

It takes a lot of effort to develop the foreign market demand, to educate foreign processors and consumers on how to use soybeans and their products efficiently, to create the international trade policy circumstances that would permit and encourage export growth, and to provide the international market intelligence to give these efforts direction and scope. □

From remarks by Kelly Harrison, General Sales Manager and Associate Administrator, FAS, in mid-February.

GSM-101 Assurance Program Protects U.S. Exporters From Noncommercial Risks

By Thomas A. Pomeroy



Designed to encourage U.S. banks to provide financing for foreign buyers of U.S. agricultural commodities, USDA's GSM-101 program has begun to attract the interest of buyers in a number of foreign countries, who see it as an attractive alternative to CCC (Commodity Credit Corporation) credit. The GSM-101 program—now in its second year—provides U.S. Government guarantees to U.S. exporters to safeguard them against noncommercial risk of default by foreign banks on payments due to them.

Since August 1979, the CCC, a Government-owned corporation operating through USDA, has offered noncommercial risk protection for exports of cotton, grains, meals, and other commodities to Poland, Korea, and Thailand.

In addition, the FAS Commercial Export Credits Branch, which administers GSM-101 for CCC, recently announced that guarantees were available for exports of selected agricultural commodities to Peru, and the Dominican Republic.

Originally limited to the protection of cotton shipments, the program was later expanded to include a wide range of agricultural commodities, including the major grains, oilseeds and products, and livestock products.

Poland purchased wheat, feedgrains, cottonseed meal, tallow, and edible soy protein under an initial $100 million of assurance offered by CCC in 1979 and Thailand purchased $10 million worth of cotton in 1980. In addition, announcements were made that U.S. Government assurance was available for exports of specified commodities to Peru ($35 million), the Dominican Republic ($35 million), Korea ($200 million), and an additional $300 million for Poland.

Commodities specified in the announcements included cotton, tallow, rice, canned or frozen poultry, soybeans, vegetable oils, wheat, feedgrains, protein meals, and edible soy protein.

CCC's guarantees cover defaults under foreign-bank letters of credit when the default results from noncommercial events such as insurrection in the country of destination, warfare, expropriation, order or regulation by the foreign government, or inability to convert the foreign currency into U.S. dollars.

The program also stipulates that when the foreign bank guaranteeing the payment is wholly owned by a foreign government, the definition of noncommercial risk is broadened to cover failure to make payment for any reason. Thus, when a government-owned bank issues the letter of credit, the risk coverage is comprehensive. In December 1979, CCC began developing regulations to change the program to cover comprehensive (commercial and noncommercial) risks when letters of credit are issued by private foreign banks as well as government-owned banks.

The same financial guarantees normally used in the export trade are required under the GSM-101 program. Exporters ship to an overseas buyer only after a foreign bank guarantees that the exporter will be paid the agreed price for the shipment. This guarantee, called a letter of credit, is required for all shipments under the GSM-101 program.

The foreign bank guarantees that the U.S. exporter will be paid whether or not the foreign importer makes his payment. The first step in the assurance program is a CCC guarantee to the exporter that it will reimburse the exporter if the foreign bank breaks its promise to pay.

In actual practice, foreign buyers want to purchase U.S. agricultural products on credit. Since U.S. exporters typically do not sell on extended credit terms, the exporter will assign the CCC guarantee (assurance agreement) to a U.S. bank and receive payment immediately. The U.S. bank agrees to receive payment under the letter of credit, or under a separate loan agreement related to the letter of credit.

Rather than receiving immediate payment, the U.S. bank agrees to receive payment from the foreign bank at a later date—1, 2, or 3 years after shipment. In effect, this is a loan to the foreign buyer, and interest is charged.

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The rate of interest is determined by negotiation between the U.S. bank and the foreign buyer. In some cases, the financing terms may provide that the interest rate will change over the life of the loan, as interest rates in the economy increase or decrease.

Rates of interest offered by private banks under GSM-101 are fairly similar to those offered by CCC under the GSM-5 program. The major difference is that under the CCC credit program the importer pays a fixed rate of interest (currently about 17 percent) for the term of the loan, while under the assurance program, rates charged by U.S. banks may change as interest rates rise or fall, governed by the state of the economy. For this reason, an importer who expects interest rates to decline might prefer the GSM-101 program.

For a U.S. exporter, the operation of the GSM-101 assurance program is quite similar to the CCC credit (GSM-5) program. Under both, the exporter makes a private sale to a foreign buyer and receives payment just after he ships the commodity. The process of registering the GSM-101 sale with CCC is slightly more complex than under the GSM-5 program, but the advantages to the exporter are equivalent.

Possibly because the assurance program was new and more difficult to understand than the CCC credit program, U.S. exporters, U.S. banks, and foreign importers expressed only limited initial interest in the GSM-101 program.

Most users of the program to date have had credit allocations under GSM-5, as well as assurance allocations under GSM-101. Poland, for instance, was allocated $200 million under CCC credit and $300 million under the GSM-101 program in fiscal 1980. Korea was allocated $200 million under CCC credit and $200 million under the noncommercial risk program. The Dominican Republic, Peru, and Thailand also received CCC credit in addition to GSM-101 allocations.

With interest rates generally believed to be near ceiling levels, the GSM-101 program has become increasingly attractive to foreign buyers. In fiscal 1980, Poland began to use its CCC credit allocation, but after realizing the potential benefits of receiving a variable interest rate under the GSM-101 program instead of a fixed rate of about 16 percent for 3 years under CCC credit, that country switched a number of sales registrations from CCC credit and put them under the noncommercial risk assurance program. After initial hesitation, numerous U.S. banks have also become interested in providing GSM-101 financing to foreign buyers.

One major bank has decided to make available up to $700 million, so that it can offer immediate financing for exports within approved allocations announced by CCC.

Under the assurance program, most of the conditions of the transaction—including the sales price, interest rate, and means of transportation—are determined by the market without interference from CCC. Shipping is not subject to the U.S. Cargo Preference Act, and thus U.S. cargo ships need not be used to move the commodities.

CCC controls are minimal and consist mostly of requiring an acceptable financial guarantee from a foreign bank, and determining countries and commodities eligible for protection, in order to ensure maximum impact on the long-range development of U.S. export markets. CCC also establishes the shipping and repayment deadlines.

Before a CCC assurance agreement can be issued, the exporter must have a firm sale and must report the anticipated quantity, shipping date, and port value to CCC. Unlike registrations under the CCC credit program (GSM-5), the foreign bank issuing the letter of credit need not be approved by CCC. Since CCC covers only noncommercial risks it is not liable for defaults caused by commercial reasons, such as bankruptcy of a private bank.

Although the assurance agreement is always made initially between CCC and an exporter, the private financing for the foreign buyer is provided by a bank in the United States.

In this fashion, the obligation to pay for commodities—originally existing between a foreign buyer and a U.S. exporter—becomes an obligation from a foreign bank to a U.S. bank. The exporter that initially received CCC's guarantee is responsible for complying with program regulations, and the U.S. bank that received assignment of CCC's guarantee from the exporter obtains protection for its loan.

CCC's guarantee against default by the foreign bank covers noncommercial risk for the port value plus up to 6 percent interest. It does not cover the value of freight to the foreign country or interest on the loan in excess of 6 percent a year. Thus, although CCC covers the larger portion of the risk, the U.S. bank also carries a share.

For U.S. exporters, the procedure for obtaining protection for an export shipment under the GSM-101 program is relatively simple. After CCC announces the eligible commodity or commodities, country of destination, maximum amount of assurance available, and the shipping deadline, the U.S. exporter can make his sale, register it with, and pay the assurance fee to, CCC, and obtain his assurance agreement.

After receiving this document, the exporter may assign it to a U.S. bank. He then ships the commodities, collects his payment from the bank, and reports to CCC completion of the shipment. At this point, the exporter has his money and has no further involvement, provided he has complied with program regulations.

The bank, for its part, finances the shipment and collects the money due from the foreign bank according to the payment schedule worked out with the buyer. This completes its transaction.

CCC's responsibility continues until repayment is received by the U.S. bank.

The GSM-101 program was designed to complement the GSM-5 Export Credit Sales Program which, since its inception in 1956, has enabled CCC to provide direct financing with funds borrowed through the U.S. Treasury. The new program is designed to stimulate private sector financing.

In 1980, the new program will be an attractive alternative to CCC credit for two reasons:

- Budget restrictions have significantly reduced the funds available under GSM-5; and
- Some importers may prefer to negotiate rates of interest which could change over the term of the loan, rather than be tied to a fixed, relatively high rate (currently about 17 percent) under the GSM-5 program.

Persons interested in CCC's GSM-101 program can get complete information by writing or telephoning the Assistant General Sales Manager, Export Credits, Foreign Agricultural Service, USDA, Washington, D.C. 20250. Telephone (202) 447-3224. □

Italy's Livestock Import Deficit Widens to Nearly $4 Billion

By James Lopes

Italy's livestock, meat, and dairy products deficit continues to widen despite efforts to increase self-sufficiency. Livestock production has been increasing but at a pace too slow to keep up with growing demand. As a result, sizable volumes of imported meat and dairy products, as well as large imports of live animals for slaughter, are necessary to bridge the gap between consumption and production. These imports are a strong element in the country's large agricultural trade deficits.

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Italy's deficit in livestock and livestock food products (meat and dairy) reached $3.9 billion in 1978, up from $3.1 billion the year before, and from an average of $2.3 billion during 1970-76. These deficits have accounted for more than one-half of Italy's trade deficit in recent years—for example, 53 percent of the 1978 trade deficit of $7.3 billion.

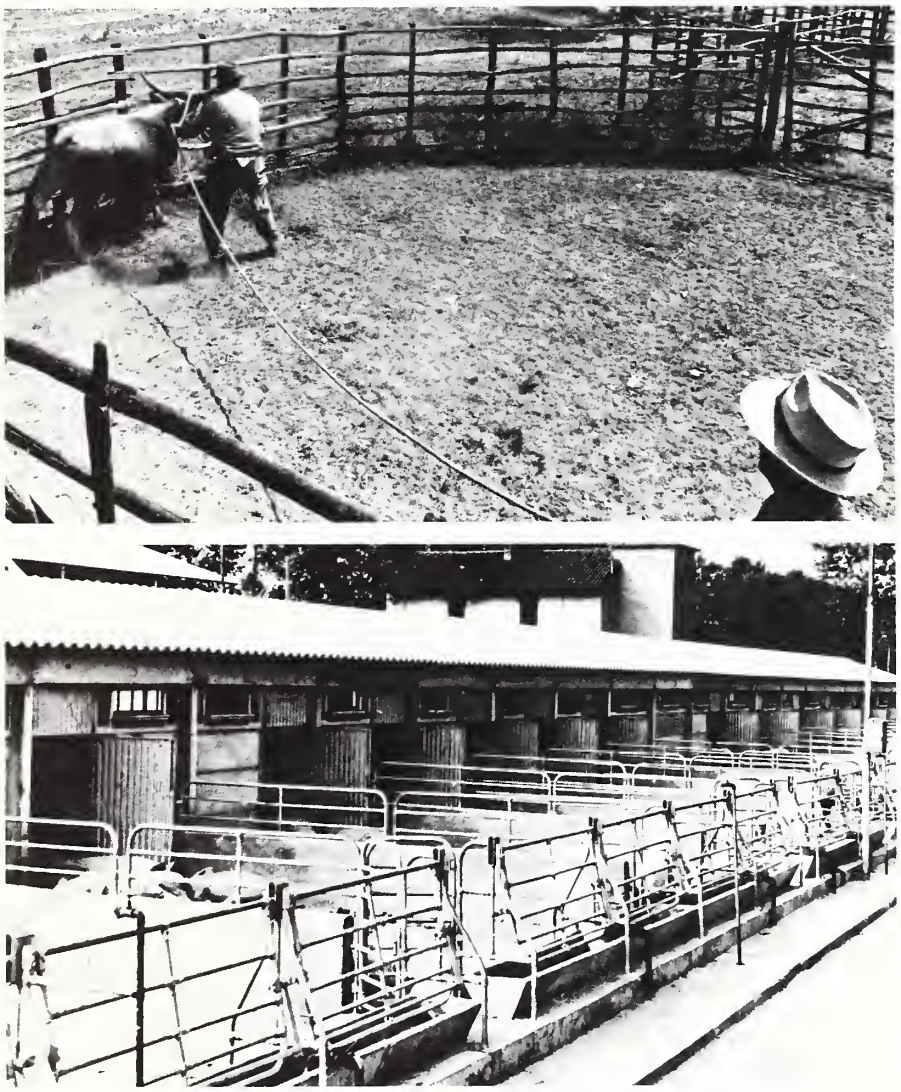
Close to a third of the trade deficit consisted of net imports of live animals, which amounted to $1.2 billion in 1978. Roughly another two-fifths of the deficit was in meat and meat products—$1.6 billion in 1978. The rest of the deficit was in dairy products—$1.1 billion in that year.

Italy has been relying increasingly on imports of livestock and livestock products to meet domestic requirements. In 1978, the import value of livestock, meat, and dairy products climbed to $4.13 billion, up from $3.3 billion the year before. Of that total, imports of meat and meat preparations amounted to $1.67 billion, dairy products and eggs to $1.27 billion, and live animals to $1.20 billion.

Production of most livestock products, particularly pork and poultry meat, has increased markedly. In 1979 red meat production (excluding edible offals and rabbit meat)[1] had advanced to 2.1 million tons, up nearly one-fifth since 1970. Beef and veal production has not changed much but pork production rose 61 percent since 1970 to 921,000 tons in 1979. Also poultry meat production rose 43 percent in the same period to 925,000 tons, and it is expected to further increase to 1 million tons in 1980. Even cow's milk has shown a rise of about 10 percent since 1970.

Meanwhile, demand for livestock products, particularly meat, has also risen. Red meat consumption, including rabbit and game, totaled 2.8 million tons in 1978, and is expected to have reached 3 million tons in 1979. This compares with 2.3 million tons in 1970.

Per capita beef and veal consumption has dropped from the 1973 high, but population growth pushed demand for beef and veal to an estimated 1.46 million tons in 1979, compared with 1.37 million 5 years earlier. In the 1970-79 period, pork consumption rose 87 percent to 1.26 million tons, while poultry meat consumption rose nearly 40 percent to 930,000 tons.



From top: Italian farmers roping a bull preparatory to breeding; a modern hog-raising facility near Milan. Although Italy is trying to build its cattle herd, progress so far has been slow.

[1]Much of the production data used herein is from regular livestock and meat reports from U.S. Agricultural Counselor's Office, Rome.

Italy's per capita meat consumption (excluding edible offals) was 64 kilograms in 1979, compared with 52 kilograms in 1970.

Beef and veal consumption rose to a high of 27.8 kilograms in 1973 but has tumbled to about 23.6 kilograms in recent years. But per capita pork consumption rose from 15.1 kilograms in 1973 to a preliminary 20.2 kilograms in 1979, reflecting some consumer resistance to high beef prices. Poultry meat consumption rose from 15.8 kilograms to 16.3 kilograms between 1973 and 1979.

To meet meat consumption requirements, the slaughter industry depends on large imports of live animals and meat. In 1978, Italy's imports of fresh and refrigerated meat totaled 622,000 tons, including 321,000 tons of beef and 261,900 tons of pork.

The country's appetite for beef and veal, for example, caused Italy to import 2.2 million head of cattle in 1978, mainly feeder cattle to fatten for slaughter. Of the 1.03 million tons of beef produced in 1978, about a third came from imported cattle fattened in Italy for slaughter.

In 1978, beef and veal from imported live animals and beef and veal imports (321,600 tons) accounted for nearly half of all beef and veal eaten in the country.

Although rising rapidly, pork production also has fallen far behind domestic requirements. But, as in the case of beef, some of the pork production increase has been from imported live hogs slaughtered in Italy.

Hog imports totaled 479,000 head in 1978, and are expected to have risen sharply to 750,000 head in 1979.

Pork production from imported hogs slaughtered in the country totaled about 10 percent of the 1978 volume. In addition, Italy imported 261,900 tons of pork, which with the meat from imported live hogs, provided for consumption of about 335,000 tons, or more than one-fourth of all the pork consumed in Italy in 1978. Pork imports are expected to have increased to 340,000 tons in 1979.

In the case of poultry products, however, Italy has expanded poultry meat and egg production enough to make the country nearly self-sufficient in these products through liberal use of foreign breeding stock, improved technology, and large imports of feedstuffs.

Italy falls short of meeting its own demand for mutton and lamb. Mutton, lamb, and goat meat production seems to have stagnated at around 50,000 tons in recent years, requiring ever growing imports—about 18,000 tons of mutton and lamb were imported in 1978, and they are expected to have increased to 20,000 tons in 1979. Also output of mutton and lamb has become increasingly dependent on imported live animals.

Live sheep imports totaled 821,000 head in 1978, and are expected to have approached 1 million in 1979, with comparable imports indicated for 1980.

Italy has increasingly been relying on imports of dairy products to meet domestic requirements. Since 1974, the value of milk and cream imports rose 86 percent to $518 million in 1978. Italy also has been importing more cheese.

According to Edmund L. Nichols, U.S. Agricultural Counselor in Rome, Italy is trying to cut its meat and live cattle import bill by building up the national herd, but progress has been slow. At the beginning of 1977, the herd numbered 8.81 million head. The total fell to 8.56 million head in 1978, recovered to 8.72 million in 1979, and is expected to rise to 8.85 million in 1980.

According to ISTAT, Italy's statistical agency, the cattle population on June 1, 1979, was 8.89 million head, 1.7 percent greater than the total on the same date in 1978. This slight rise reflects an increase in feeder calf imports in the first half of calendar 1979. During January-August 1979, live cattle imports were 7 percent above the same period of 1979, in spite of higher cattle costs.

Italian imports of breeding cattle in 1979 were sizable and included a number from the United States. During January-June 1979, imports of U.S. breeding cattle amounted to 1,012 head up from 361 head in the same months in 1978. The import value of U.S. bull semen in the same period was about $730,000, 49 percent greater than in the January-June 1978 period.

Italy's most recent hog cycle seems to have turned up after touching bottom during the summer of 1979. Producer prices, after several months in which there was little or no change, increased substantially during September and October 1979 when they rose to a level 19 percent higher than a year earlier for fat slaughter hogs, and 41 percent higher for young pigs, according to Nichols.

At the same time, hog numbers, although still declining because of a strong drop in sow numbers during 1979, were reported on August 1 of that year by ISTAT at 8.7 million, only 3.8 percent less than in August 1978. The ISTAT data fixed sow numbers at 841,000 head, only 1 percent lower than on the same date a year earlier.

A look at beginning-of-year data since 1977 shows the general decline in the hog population. In that year, the country's hog herd numbered 9.09 million head, rising the following year to 9.42 million head, but then falling to 8.92 million. For 1980, the estimate is still lower at 8.65 million.

Italy is particularly concerned about the sizable pork imports from other countries in the European Community. Italian producers fear the impact of the more than 100,000 tons of pork delivered during recent months to EC intervention stocks, particularly by Netherlands producers, to be resold in the near future, most of it in the Italian market.

Italian sheep and goat raisers would like to expand production of mutton and lamb and goat meat but fear that the proposed Common Agricultural Policy for sheepmeat, now being discussed in Brussels, may be of more help to other producers than to Italian. The proposed addition of a variable levy for fresh sheepmeat from third countries, in addition to the import duty (at present 20 percent for fresh and frozen sheep meat), might have the most effect on Italy, the only EC country that imports fresh sheep meat from third countries—mainly from Eastern Europe.

The proposed import regime might protect Italian producers against competition from abroad, but could favor shipments of frozen lambmeat from the EC countries into the Italian market, where imports of fresh meat represent 20 percent of the total.

Italy also exports livestock food products, especially pork products and cheese, but these shipments are not nearly large enough to strike a balance with imports.

In 1978, exports of livestock, meat, and dairy products amounted to $233 million, including $8.4 million in live animals, $120.5 million in meat and meat preparations, and $104.3 million in dairy products and eggs ($100 million in cheese alone). □

Nigeria

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because of the Government restrictions last year on imported U.S. corn.

While commercial poultry enterprises are the most rapidly developing side of this sector, Nigeria also relies heavily on the traditional village flocks, which totaled about 113 million in 1979. Laying rates among these are low—about 45 eggs per year—with most eggs allowed to hatch; chick mortality is a high 80 percent; and the offtake rate is only about 23 percent. However, such flocks still are important sources of food for rural communities.

Development Plan Envisions Major Changes

Obviously, if Nigeria is to achieve its ambitious goal of agricultural self-sufficiency, major changes will have to be made in this tradition-bound sector.

President Shagari has outlined a number of measures planned over the next 5 years to achieve his goals. Among these is a program to improve the position of the smallholder via a set of deliberate policies—such as revamping of the agricultural credit guarantee program in order to improve the flow of funds to small-scale farmers.

Shagari's new plan also calls for a series of short-term measures designed to foster rapid development in crops, livestock, and fisheries. About $32 million was set aside for these development projects in the last quarter of the fiscal year just ended (April-March 1979/80), including $24 million for crops, $5 million for livestock, and $3 million for fisheries.

Short-term measures being taken in the crop sector focus on boosting output of rice and corn and thereby reducing the need for imports. Included here is the purchase and distribution of improved seed, tractors, and irrigation equipment for small farmers in each of Nigeria's 19 states.

In the livestock sector, the Government has budgeted $1.6 million to combat animal disease and boost imports of breeding cattle.

Nigerian agriculture also has benefited from World Bank assistance, which is expected to continue in the future. The Bank made its first loan to Nigeria in 1971 for cocoa production and since has committed nearly $400 million in loans for agricultural development involving projects with gross investment needs of more than $1 billion.

During its 1979 fiscal year (July-June), the World Bank approved $59 million in loans to Nigeria for agricultural and rural projects to be carried out over the next 4 years. Total cost of these projects is set at $147 million.

Whether these and other planned undertakings can achieve agricultural self-sufficiency for Nigeria remains to be seen. In the interim, Nigeria will have to rely extensively on imports from the United States, the EC, and other countries to meet the growing domestic demand for food and feed. Thus, barring any further import restrictions, U.S. agricultural exports to Nigeria should continue at relatively high levels in the foreseeable future. □

Value of U.S. Exports to Nigeria, Calendar 1975-79

[In 1,000 dollars]

Commodity	1975	1976	1977	1978	1979
Wheat	61,759	91,849	83,755	106,362	145,026
Rice	3,664	25,559	82,766	137,714	20,073
Corn	234	2,270	5,348	8,415	8,719
Poultry meats	449	3,059	6,523	5,941	5,575
Inedible tallow	7,008	9,901	13,169	15,893	18,949
Total agriculture	96,890	150,630	211,986	300,638	211,634

Source: U.S. Department of Agriculture.

Nigeria: Production and Exports of Principal Export Crops, 1961-78.

[In 1,000 metric tons]

Commodity	Production			Exports		
	Average 1961-65	Average 1976-78	1978	Average 1961-65	Average 1976-78	1978
Cocoa beans	215	178	165	214	199	208
Peanuts raw	1,419	531	600	557	—	—
Palm kernels	419	335	345	403	191	120
Palm oil	521	512	515	141	1	—
Peanut oil	NA	NA	NA	71	—	—
Rubber, raw	65	57	60	62	33	29
Cotton, lint	45	51	37	31	5	4

NA: denotes not available. —denotes less than 1,000 tons. Source: Production data from FAS attache reports and export data from the UN Food and Agriculture Organization.

Nigerian Production of Major Food Crops

[In 1,000 metric tons]

Commodity	Average 1961-65	1970	1972	1974	1976	1978	Preliminary 1979
Rice, paddy	356	427	466	523	609	842	1,000
Corn	1,016	1,310	1,182	1,350	1,440	1,640	1,670
Millet	2,615	3,284	3,048	2,800	2,865	3,060	3,100
Sorghum	4,204	4,080	3,561	3,500	3,680	3,770	3,785
Wheat	NA	6	6	6	8	8	9
Pulses	442	536	540	525	560	595	NA
Cassava	9,656	11,410	12,700	13,300	13,900	14,100	14,550
Yams	11,611	14,682	16,257	17,200	18,000	18,100	18,000
Cocoyams	1,312	1,341	1,524	1,600	1,680	1,710	1,700
Soybeans	18	11	4	1	2	2	2
Bananas and plantains	1,603	1,270	1,330	1,390	1,450	1,440	NA
Kola nuts	138	132	139	146	154	160	NA
Sugar, raw	3	43	40	60	40	35	29

NA: denotes not available. Source: FAS attache reports

FACT FILE

U.S. Agriculture and the Balance of Trade

- A positive agricultural trade balance is a relatively new accomplishment for the United States;
- Until the 1960's, the U.S. agricultural trade balance was small and often negative because of large imports of tropical food products;
- By the early 1970's, growth in world demand for food had boosted U.S. agricultural exports sharply above the value of imported agricultural products.
- Since 1974, rising oil prices and inflation in general have forced nonagricultural trade balance to turn sharply negative, while the agricultural trade surplus has risen to $18 billion.

The balance of trade defined: Simply put, the balance of trade is the dollar difference between how much a country buys from overseas and how much is sells abroad.

If a country buys more than it sells, it runs a trade deficit . . . a "negative" balance of trade. As the deficit grows, the value of the country's currency may weaken in international trade, and it takes more to buy foreign products.

The U.S. track record. Over the past decade, the United States has run a deficit in its balance of trade every year but three—1970, 1973, and 1975. In large part, this has been due to the steep price hikes that have occurred for petroleum and other energy-related import items. However, it has also stemmed from a continued imbalance of trade on the nonagricultural side—where U.S. imports of foreign cars, electronic equipment, and other manufactured goods have outdistanced U.S. sales overseas.

On the agricultural side of the trade ledger, farm exports have expanded much faster than imports. During the 1970's, U.S. farm sales overseas earned near $162 billion, while farm imports came to only $85 billion. Thus, agricultural trade made a net positive contribution of $77 billion to the nation's balance of trade during the decade. This net contribution hit a new high each year during the seventies, and topped $10 billion in each of the past 5 years.

However, the nonagricultural trade deficit increased twelvefold during the decade—from just under $4 billion in 1971 to roughly $47 billion last year. In all, the nonagricultural deficit for the decade added up to $146 billion, more than agriculture's positive contribution could offset.

The outlook for 1980. Higher energy prices are expected to keep the United States in the red, despite the fact that nearly all general economic factors affecting both exports and imports suggest an improvement in the U.S. trade balance in fiscal 1980.

Agricultural exports, which exceeded agricultural imports by $16 billion in fiscal 1979, are expected to remain sufficiently strong to offset most losses stemming from the recent decision to curtail grain exports to the USSR to excess of the 8 million tons provided for under a 5-year agreement.

Current projections suggest the farm export value will increase about $5 billion in fiscal 1980 to a record $37 billion while export volume rises a tenth to more than 150 million tons. An 11-percent gain is anticipated for the value of agricultural imports. The agricultural trade surplus may be about $19 billion.

The trade balance in manufactured goods is also expected to increase again this fiscal year. Last year, the manufactured goods trade balance shifted from a deficit of $5.8 billion in 1978 to a surplus of $4.4 billion in 1979. This surplus could widen substantially in 1980 provided demand abroad remains relatively strong due to continued economic growth in most major markets, provided also that the United States continues its belt-tightening in terms of imports.

The balance of payments vs. the balance of trade. The balance of trade—the difference between what a country exports and what it imports—is a single component of the balance of payments—which can be defined as a country's assets and debts with the rest of the world.

The balance of payments is actually an accounting statement measuring not just the value of trade, but also overseas investments, capital flows, gold exchanges, and other financial transactions. A country has a balance of payments deficit whenever its trade and financial obligations exceed its trade and financial receipts.

Before the days of international capital markets, it was not difficult to measure a country's balance of payments position. If a country owed more than it earned, it used gold to pay the difference. Conversely, when its assets exceeded its debts, there was an inflow of gold. The balance of payments surplus or deficit could be measured easily by the change in the nation's gold supply.

Since World War II, however, U.S. dollars and several other foreign currencies have supplemented gold transactions since the gold supply was inadequate to meet the liquidity

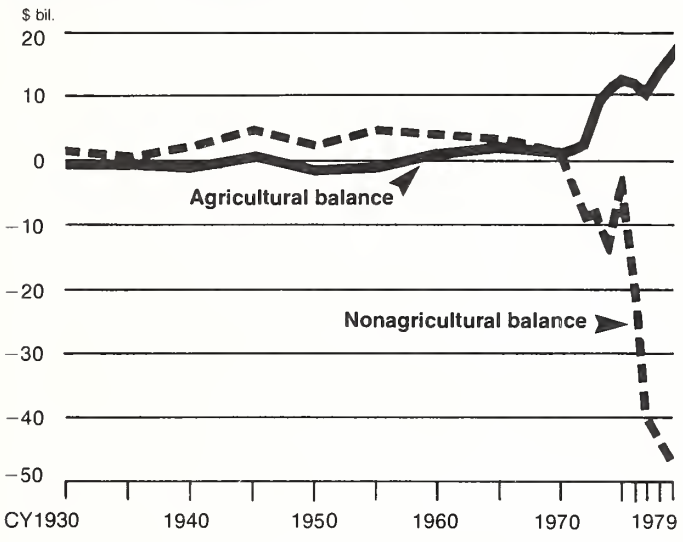
needs resulting from the boom in international trade.

Dollar holdings by foreigners represent a potential demand on the U.S. gold reserve.

The United States reports its balance of payments in two ways: On a liquidity basis, which can basically be considered as the total dollars held by foreigners; and on an official reserve transaction basis, which is the holdings of central banks of other countries.

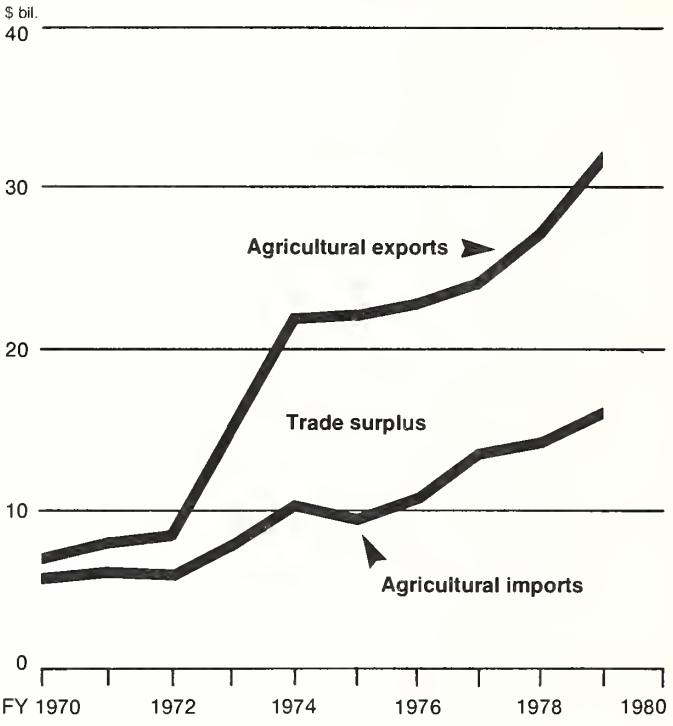
Since only central banks of foreign countries can actually demand gold from the United States, the latter listing provides a more realistic measure of the potential drain on the U.S. gold reserve at a single time. In recent years, the circumstances under which central banks may convert their dollar holdings into gold has been narrowed through international agreement.

U.S. Agricultural and Nonagricultural Trade Balance, Calendar 1930-79.



Item	1930	1940	1950	1960	1970	1975	1976	1977	1978	1979
	Billion dollars									
Agricultural:										
Exports	1.2	.5	2.9	4.8	7.3	21.9	23.0	23.7	29.4	34.7
Imports	1.5	1.3	4.0	3.8	5.8	9.3	11.0	13.5	14.8	16.7
Balances:										
Agricultural	−.3	−.8	−1.1	+1.0	+1.5	+12.6	+12.0	+10.2	+14.6	+18.0
Nonagricultural	+1.0	+2.1	+2.5	+4.4	+1.3	−2.8	−20.7	−40.0	−46.4	−46.7

U.S. Agricultural Trade Balance, Fiscal 1970-80



Note: October-September years 1978-79 partially estimated.

Value of U.S. Foreign Trade and Trade Balance, Calendar 1965-79

Year	U.S. Exports				U.S. Imports				Trade Balance		
	Agricultural	Nonagricultural	Total	Agricultural Share of total	Agricultural	Nonagricultural	Total	Agricultural Share of total	Agricultural	Nonagricultural	Total
	Mil.dol.	*Mil.dol.*	*Mil.dol.*	*Percent*	*Mil.dol.*	*Mil.dol.*	*Mil.dol.*	*Percent*	*Mil.dol.*	*Mil.dol.*	*Mil.dol.*
1965	6,229	20,906	27,135	23	4,087	17,196	21,283	19	+2,142	+3,710	+5,852
1966	6,881	23,003	29,884	23	4,491	20,869	25,360	18	+2,390	+2,134	+4,524
1967	6,380	24,762	31,142	20	4,452	22,281	26,733	17	+1,928	+2,481	+4,409
1968	6,303	27,896	34,199	18	5,024	28,042	33,066	15	+1,279	-146	+1,133
1969	6,022	31,440	37,462	16	4,957	30,906	35,863	14	+1,065	+534	+1,599
1970	7,259	35,331	42,590	17	5,770	33,986	39,756	15	+1,489	+1,345	+2,834
1971	7,693	35,799	43,492	18	5,823	39,693	45,516	13	+1,870	-3,894	-2,024
1972	9,401	39,475	48,876	19	6,467	48,815	55,282	12	+2,934	-9,340	-6,406
1973	17,680	52,566	70,246	23	8,419	60,605	69,024	12	+9,261	-8,039	+1,222
1974	21,999	75,145	97,144	23	10,247	89,893	100,140	10	+11,752	-14,748	-2,996
1975	21,884	84,334	106,218	21	9,310	87,167	96,477	10	+12,574	-2,833	+9,741
1976	22,997	90,131	113,128	20	10,992	110,803	121,795	8	+12,005	-20,672	-8,667
1977	23,636	95,308	118,944	20	13,439	135,280	148,719	9	+10,197	-39,972	-29,775
1978	29,407	111,662	141,069	21	14,804	158,486	173,290	9	+14,603	-46,824	-32,221
1979	34,745	143,668	178,413	19	16,722	190,409	207,131	8	+18,023	-46,409	-28,386

China

To Take a Record 2 Million Bales Of U.S. Cotton in 1979/80

Cotton exports by the United States to the People's Republic of China are expected to soar to a record 2 million bales in 1979/80, helping to push total U.S. cotton exports to an estimated 8 million bales, the largest volume since 1932.

Despite slightly higher cotton production in 1979/80 than in the previous year, stronger demand for textiles—particularly for export—will put China in close competition with Japan as the world's largest cotton import market.

Because of the potential size of Chinese cotton imports, there will be number of countries other than the United States active in the market. The most important of these are Syria, Guatemala, Mexico, the Sudan, and Egypt.

The United States exported 585,000 bales of cotton to China in 1972/73, the first U.S. cotton shipped to that country since World War II. This also was the first year China imported more than 1 million bales of cotton. Although imports declined in 1974/75-1976/77, larger consumption is again pushing purchases to a higher level. China took 648,000 bales of U.S. cotton in 1978/79.

There are several reasons why the United States is supplying such a large share of China's imported cotton. One of the major reasons is that China's traditional cotton suppliers (excluding the United States) have not increased production enough this year and last to meet China's additional needs.

Chinese mills continue to boost their use of cotton in response to the priority being given to the development of the PRC textile industry. This drive is expected to push Chinese imports of cotton to some 3.2 million bales in 1979/80, accounting for China's importance as a cotton importer that year. There is, however, some doubt whether Chinese dock facilities are capable of handling this volume of cotton imports, so the final figure could be lower.

Raw cotton imports in 1980/81 are expected to be near the 1979/80 level, with textile exports and the size of domestic cotton output the important variables. With cotton production in 1980 at about the same level as in 1979 (10.2 million bales), but with a well-filled export order book, and just a 5 percent rise in yarn production, cotton imports could total 4.1 million bales. Here again handling equipment shortages could be an inhibiting factor.

If cotton production is only slightly smaller than currently anticipated, a slight squeeze might result on domestic supplies, but it is still probable the 4.1-million-bale import level might be sufficient to meet both export and domestic requirements, even assuming a stable stock situation.

At the other end of the range, cotton production of 11.0 million bales and no growth in yarn output would probably cut imports to about 2.5 million bales, also assuming a steady stock level.

There are, of course, several other factors that could affect China's cotton import level. Among these would be significantly higher cotton import prices and stronger competition from manmade fibers. While it is impossible to foresee the true impact of competition between the two fiber families, it can be assumed that China's manmade fiber manufacturing capacity will be boosted some in 1980, although no major capacity increases are seen until the mid-1980's.

Beijing sources place 1979 cotton production at 2,218,-500 tons (10.2 million bales). Greater yields in all but two of the country's important cotton-producing provinces more than offset an estimated 4 percent drop in planted area.

Chinese Government officials have indicated an awareness that cotton production must be boosted to take care of domestic and export textile demand. Steps are already underway or will be taken to increase availabilities of fertilizer and improved cotton seed from domestic and import sources.

Officials also have indicated that the agricultural cadres will stress to farmers the advantages of meeting the cotton planting plan. In some areas, where winter wheat was underplanted because of severe weather, cotton plantings may be greater than earlier anticipated.

The 1980 cotton production plan, as yet unreleased, is expected to peg cotton production not lower than 11.0 million bales and perhaps as high as 12.0 million. However, when the 1979 target was set at 11.0 million bales, many observers believed it unlikely the figure would be reached. Hence, these same observers believe an 11.0-million bale target for 1980 is too optimistic unless more land than currently anticipated is diverted to cotton.

At present, some 4.7 million hectares are expected to be planted to cotton, and this total may be too small to carry an outturn of 11.0 million bales. However, if economic incentives are given to cotton farmers, the area figure would be boosted and the production target probably reached.—*Based on report by William L. Davis, U.S. Agricultural Attaché, Beijing.* □

Italy

Small Gain Seen in Citrus Output, But Quality, Exports Fare Better

Although Italy's 1979/80 citrus production is not expected to be much larger than last season's frost-damaged crop, overall quality is generally better and exports are seen rising, with oranges and tangerines registering the sharpest gains.

The country's citrus crop benefited from late rains in the autumn, ending months of hot, dry weather.

The processing subsidy of the European Community (EC) will stimulate record utilization of Italian citrus for processing. However, producer prices are at or only slightly above year-earlier levels and are not considered particularly attractive to growers in light of the country's 20-percent inflation rate.

Italy's lemon production is forecast to increase about 2 percent in 1979/80 to 745,000 tons as overall area remains static. In 1978/79, specialized lemon area was reported at 34,650 hectares while the area of mixed lemon growth totaled 10,756 hectares.

Most of Italy's lemon orchards are old and little renovation is underway. In general, there is very little expansion or reshaping of the Italian citrus industry, despite the general subsidies and the scheme for restructuring financed by the EC.

Because of slightly better climatic conditions, orange output also is seen rising about 2 percent in 1979/80 to 1,641,000 tons. Still, crop quality is mediocre and only slightly better than the poor crops of the past 2 years. This season's crop was rather late and the early varieties apparently were available in smaller quantity, with fruit size tending to be small.

Because of the heavy frost damage, 187,900 tons of the 1978/79 orange crop were not harvested. This season, a more normal 40,000 tons probably will not be harvested.

The combined production of tangerines and Mandarins is forecast at 342,000 tons in 1979/80, less than 1 percent above last season's level. As in the case of other citrus, the increase is only partially the result of beneficial fall rains. Some orchards were badly hurt by frost last spring.

Although grapefruit output is expected to rise 23 percent in 1979/80, production will still total only about 4,000 tons. Therefore, grapefruit imports are expected to remain large.

These imports reached a record 36,807 tons during June 1978 to May 1979. Israel remained the top supplier with 27,106 tons, followed by South Africa with 4,131 tons. Imports from the United States increased 64 percent to 860 tons.

The 1979/80 outlook points to lemon exports of 220,000 tons, a gain of 6 percent from the previous season's level, but still not an outstanding performance. Exports in 1978/79 (Oct.-Sept.) totaled 207,059 tons, 15 percent above those of previous season.

Among individual customers, West Germany bought 55,943 tons, a drop of 4 percent from the 1977/78 level, while East European countries combined purchases of 101,419 tons were up 54 percent from the previous season's.

These statistics confirm a basic trend of recent years: Low-quality Italian lemons are finding an expanding market in Eastern Europe, while more quality-minded consumers in Western Europe are switching to new sources—especially the United States. Exports of U.S. lemons to West European countries totaled 36,043 tons worth $12.7 million in 1978/79, compared with 40,623 tons valued at $10.8 million in 1977/78.

As a result of the EC subsidy, Italy is expected to process a record of about 180,000 tons of lemons in 1979/80, a gain of 12 percent from the preceding season. During 1978/79, about 24,600 tons of lemons were withdrawn from the market by the producers' association, largely because of frost.

Malaysia

High Personal Income Level Generates Expanded Imports

Malaysia—supplier of two-thirds of world palm oil exports, half of the natural rubber, and more than a third of the tin—expects a near-doubling of its per capita gross national product during the 1980's. Its economy is one of the most advanced in Asia, and per capita income (in 1978, equal to $1,132) ranks among the highest in the Far East.

Projected increases in Malaysia's foreign-exchange earnings and gross national product are expected to generate expanded imports of agricultural products from the United States and other suppliers during the 1980's.

U.S. agricultural exports to Malaysia during 1976-78 averaged $49 million annually, up 243 percent from the 1969-71 average. In fiscal 1979 (Oct.-Sept.), U.S. farm exports were valued at $64.1 million, slightly higher than the year-earlier level and more than 20 percent above the total for fiscal 1977.

Major Malaysian agricultural imports are cereals (mainly rice, wheat, and corn), sugar, fruits and vegetables, animal feed, dairy products and eggs, cotton, and tobacco.

The most important agricultural imports from the United States are leaf tobacco, cotton, wheat, fresh and canned fruit, and fruit juices. Of the $64.1 million in U.S. sales during fiscal 1979, tobacco accounted for about 43 percent and cotton for about 25 percent.

The U.S. share of the Malaysian agricultural market increased gradually during the 1970's from about 5.3 percent in 1968 to 8.7 percent in 1977.

Some key points concerning the highly competitive Malaysian market for agricultural commodities:

- U.S. tobacco accounts for about 80 percent of leaf-tobacco imports in this high-quality market.

Italy's exports of fresh oranges—mostly blood types—are likely to improve about 36 percent to about 130,000 tons in 1979/80, compared with 95,358 tons exported from November 1978 to September 1979. Exports that season slipped 31 percent from the previous season's level.

The drastic decline in 1978/79 orange exports resulted mainly from the combination of high prices on the domestic market and the frost damage that hampered the fruit's keeping quality. The marketing situation this year is different. The bumper Italian apple crop and its low market prices are influencing orange prices, which are lower than last season's level.

Although the export decline to Western Europe was drastic, these countries remained the leading customers of Italian oranges. Top 1978/79 purchasers, in tonnages, were West Germany 29,344 (-24 percent), Switzerland 24,792 (-14 percent), Austria 12,473 (-33 percent), Sweden 10,352 (-15 percent), and France 7,321 (-59 percent).

With the aid of the EC subsidy, about 315,000 tons of oranges were processed in 1978/79 and a new high of about 350,000 is forecast this season.

Total tangerine exports in 1979/80 are projected in the vicinity of 10,000 tons in view of the less appealing prices in the domestic market and better quality of the Italian fruit. Basically, however, the Italian tangerine does not have a good image among European consumers as most Italian varieties have many seeds, and the size is generally small.

Despite Italy's privileged position within the EC, major competitors—such as Spain, Israel, and Morocco—are performing better in Europe.—*Based on a report from Edmund L. Nichols, U.S. Agricultural Counselor, Rome.* □

A Malaysian nursery worker transplants young oil palms into poly bags for later replanting. Malaysia expects to increase its share of the expanding world market for fats and oils.

● U.S. cotton's leading share of the fiber market is based on price, quality, and export availability.

● Imports of feedgrains and feedstuffs for Malaysia's beef and dairy cattle industries may grow as these industries expand.

● Some potential exists for enlarged exports of U.S. poultry and poultry products, and for fresh and processed fruits and vegetables.

Malaysia imports grain primarily from nearby suppliers—wheat from Australia, rice from China and Thailand, and corn from Thailand. Some other major farm imports and their principal suppliers: Sugar from Australia and Thailand, dairy products and eggs from Australia and New Zealand, and cotton from the United States, Tanzania, the USSR, and Sudan.

Malaysia's overall balance of payments generally shows a healthy surplus, and the situation in 1979 was no exception as a result of strong world demand and relatively high prices for major export commodities. Gold and foreign exchange reserves at the end of 1978 totaled $3.3 billion.

Import duties on agricultural products may consist of both ad valorem and specific charges, although some items—such as cereal grains—may enter without duty. Tobacco, cotton, fruits and vegetables, and poultry products are among the items subject to duty.

Malaysia produces nearly half of the world's palm oil, and is continuing to expand planted area and refining capacity. Palm oil is the country's only agricultural product that offers substantial competition for U.S. agricultural exports. In 1978, palm oil accounted for 27 percent of the value of all U.S. agricultural imports from Malaysia. Until 1977, the United States was the major buyer of Malaysian crude palm oil.

Improved fractionation techniques now allow palm oil to compete directly with other fats and oils—including U.S. soybean oil—in the manufacture of margarine, shortening, cooking fats, salad oils, confectionery, and ice cream.

However, palm oil has no qualitative advantage over other fats and oils in end uses. Its prices and demand therefore depend upon relative prices and availabilities of other substitutable fats and oils. Palm oil's major competitive advantage is its high yield per acre and resulting low cost per pound.

Palm oil in the 1980's could increase its share of the expanding fats and oils market. Per capita consumption is expected to grow faster in the developing countries than in the developed countries.

The Government's agricultural program includes provision for the necessary infrastructure, credit, commodity subsidies and price supports, extension, and other inputs primarily aimed at increasing farm production and income, and toward expanding economic activities.

Diversification into crops other than rubber and oil palm has progressed on a modest scale since 1975. There has been a marked increase in plantings of cocoa and coffee, but no significant change in area planted to such crops as pepper, tobacco, fruits, and vegetables.—*Based on report by Albert Evans; Economics, Statistics, and Cooperatives Service.* □

Japan

Soybean Imports To Rise, Decrease Seen For Soybean Meal

Japanese imports of soybeans, including those from the United States, are forecast to increase in calendar 1980, while the relatively small purchases of soybean meal are expected to decline.

Currently, Japan's imports of soybeans in calendar 1980 are forecast at 4.4-4.5 million metric tons, compared with 4.13 million imported in 1979 and 4.26 million in 1978. Takings from the United States are forecast to reach 4.15 million tons this year, up from both the 3.84 million imported last year and the previous record of 4.14 million received in 1978. U.S. share of the import market is seen holding at last year's level of 93 percent, compared with 97 and 95 percent in 1978 and 1977.

Soybean meal imports, on the other hand, are forecast to drop a third or more below the 1979 level. Current forecasts place these imports at 200,000 tons, compared with 310,000 in 1979 and 430,000 in 1978. Meal from the United States will account for about 65 percent of the total, against nearly three-fourths of the total in 1978/79.

Brazil is the only other major supplier, accounting for the remaining one-third of Japanese imports. Japan's 1980 imports of soybeans from Brazil are expected to be at or below the average level for the 1976-79 period.

Demand for vegetable oils in Japan is projected to rise by about 6 percent in 1980, compared with growth of more than 9 percent in 1979. Leading financial institutions in Japan forecast 1980's "real" GNP (gross national product) growth at 3-5 percent, and per-capita-consumption growth at 3-4 percent. For the past few years, increases in edible vegetable oil consumption have exceeded these indicators significantly.

Expansion of livestock feeding in the coming year is expected to slow from 1979's rate of 7.0 percent to 4.0-4.5 percent. This expectation reflects some hesistancy on the part of swine and dairy producers to step up operations at a time of pork and dairy product surpluses.

Consequently, demand from mixed feed manufacturers for feedstuffs is forecast at 23.6 million tons—up some 950,000 tons from the 1979 level. Use of high-protein meal in mixed feeds is expected to grow by some 170,000 tons.

During 1980, the price relationship between soybeans and rapeseed is expected to favor soybean crushing, whereas for much of last season rapeseed was more favorably priced c.&f. Japan. This reversal comes as a result of sharply increased soybean supplies in the United States and Brazil.

Soybean crush is forecast at 3.73 million tons, up from the 3.38 million estimated for 1979. Food use of soybeans is seen holding at about 775,000 tons.

Production of soybean oil in 1980 is forecast to increase 64,000 tons from the 1979 level to about 681,000 tons. Meal output is forecast at 2.89 million tons for a 260,000-ton gain from 1979's.—*Based on a dispatch from John M. Beshoar, U.S. Agricultural Attaché, Tokyo.*

Japan's Imports of Soybeans and Soybean Meal By Origin, Calendar 1976-80

In 1,000 metric tons

Origin	1976	1977	1978	1979[1]	1980[2]
Soybeans:					
Brazil	125	58	2	1	50
China	133	98	80	267	200
U.S.	3,287	3,428	4,143	3,839	4,150
Other	8	18	35	25	50
Total *(Percent U.S.)*	3,554(92)	3,602(95)	4,260(97)	4,132(93)	4,450(93)
Soybean meal:					
Brazil	71	76	72	58	68
U.S.	119	237	263	250	130
Others	3	1	5	2	2
Total *(Percent U.S.)*	193(62)	314(75)	340(77)	310(81)	200(65)

[1] Preliminary. [2] U.S. Agricultural Counselor forecast.

South Africa

Export Comeback Expected by Producers of Deciduous Fruit

South Africa's deciduous fruit producers expect a comeback in export volume during the 1979/80 (Dec.-July) marketing period to 271,500 metric tons. This is 7 percent more than 1979's relatively low level of foreign shipments that was caused mainly by abundant Northern Hemisphere supplies.

The 1980 deciduous fruit crop is forecast at about 773,800 tons, 3.5 percent greater than the 1979 harvest, which was 4 percent larger than the 1978 crop.

Projected production and export totals can still be influenced by weather conditions in the growing areas, as well as by marketing conditions in Western Europe.

During the past two seasons, apple and pear plantings expanded at the normal growth rate of about 5 percent annually, while table grape plantings remained static. Apple exporters forecast improved sales to Western Europe as a result of the poor-quality 1979 crop there. They expect traditional United Kingdom and Continental outlets to absorb about 8.8 million cartons (18.2 kg each) during 1980—1 million cartons more than in 1979, but 300,000 cartons short of 1978's 9.1 million cartons.

North American and Middle Eastern markets are each expected to take about 500,000 cartons during 1980.

Rising ocean shipping rates continue to be a major

problem for South African exporters, and are likely to cut into any higher returns resulting from extra export efforts. European prices for apples are either falling or not rising sufficiently to offset higher shipping charges. As a result, clear distinction must be made between volume sold and cash return per carton.

One of the problems faced in 1979 by South African exporters to Europe was the large (980,000 tons) carry-over of poor-quality apples there. European producers demanded a reduction in the quota for Southern offerings from 370,000 tons to 280,000 tons. The figure finally agreed upon was 313,000 tons, of which 123,000 tons were awarded to South Africa.

No quotas or voluntary restraints are expected on 1980 exports.

South Africa's export prices in Europe were weakened by the high carryover of domestically grown apples. About 7.8 million cartons were sold at an average price equal to $11.78 per carton, compared with the year-earlier average price of $12.60.

Exports of table grapes in 1979 were a very satisfactory 6.7 million cartons (5 kilograms each), returning an average $8.09 per carton. South African grapes dominate West European markets and demand is rising despite the 18 percent duty imposed by the European Community.

Grape exports in 1980 are unlikely to match the 1979 total, but prices could increase 12-15 percent this year over last year's levels.

South Africa's exports of pears in 1979 totaled 2.46 million cartons (15 kg each), compared with about 2 million cartons from South American suppliers. Prospects for 1980 are clouded by the threat of competition from cold-storage British pears, and South African prices may be weakened accordingly.

Plum exports in 1979 were 28 percent higher than in the previous year as a result of strong demand in some overseas markets.

South Africa's deciduous fruit industry operates without Government assistance. Domestic and export marketing and promotion are conducted by the Deciduous Fruit Board, which imposes levies on fruit to cover costs. In 1978, for example, the Board spent the equivalent of $2.1 million to promote sales of South African deciduous fruit in Western Europe, and $166,536 to develop sales of Granny Smith apples in North America.—*Based on report from U.S. Agricultural Attache's Office, Pretoria.* □

Eastern Europe

U.S. Farm Exports to Region In 1979 Seen at $1.5 Billion

Agricultural exports by the United States to Eastern Europe were an estimated $1.5 billion in fiscal 1979[1], exceeding fiscal 1978 exports by $300 million. Corn, the principal U.S. export commodity to the area, accounted for nearly two-fifths of total agricultural exports; soybean meal accounted for one-fifth, with soybeans contributing 10 percent, wheat 9 percent, and cattle hides 8 percent.

All of the principal U.S. farm commodities shipped to Eastern Europe showed increases in value over those of fiscal 1978. The export volume of soybeans and wheat and most other grains declined, but that for corn and soybean meal increased significantly.

[1]Including estimated transshipments.

For several years, the United States supplied almost 50 percent of the region's grain imports, 45 percent of its soybean meal imports, and almost all of its soybean imports. In fiscal 1979, the U.S. share is estimated to be as large.

Poland remained the leading East European importer of U.S. agricultural products in fiscal 1979, although the value declined somewhat from a year earlier. All the other countries in Eastern Europe, except Hungary, stepped up their agricultural imports from the United States.

The outlook for U.S. agricultural exports to the region in fiscal 1980 is favorable because of an estimated 6-million-ton shortfall in the 1979 East European grain harvest. It is presently estimated that such U.S. exports to the region in fiscal 1980 may exceed $2 billion.

The United States, as of early March, had approved $200 million in CCC (Commodity Credit Corporation) credits for Poland and a $305.5-million loan guaranty for fiscal 1980, but only a partial product breakdown is available. Romania has received $15 million in CCC credits to finance protein meal purchases.—*By Thomas A. Vankai; Economics, Statistics, and Cooperative Service.* □

U.S. Agricultural Exports To Eastern Europe, Value[1] By Country, Fiscal 1978 and 1979

(In millions of dollars)

Country	1978	1979
Bulgaria	26	48
Czechoslovakia	71	164
German Democratic Republic	206	272
Hungary	51	30
Poland	535	463
Romania	140	308
Yugoslavia	105	260
Total	1,134	[2]1,545

[1] Including estimated transshipments. [2] Country and commodity totals differ because of rounding.

U.S. Agricultural Exports to Eastern Europe, Volume and Value, Fiscal 1978 and 1979

Commodity	Volume[1]		Value[1]	
	1978	1979	1978	1979
	[2]*1,000 MT*	[2]*1,000 MT*	*Mil.dol.*	*Mil.dol.*
Wheat	1,074	897	124	138
Corn	3,652	5,376	371	602
Other grains	747	467	74	51
Soybeans	594	524	142	149
Soybean oil	2	24	1	15
Soybean meal	1,159	1,427	242	325
Cotton	18	28	26	40
Cattle hides	[3]3,195	[3]3,552	64	129
Other products	—	—	90	95
Total	—	—	1,134	[4]1,544

[1] Including estimated transshipments. [2] Except as indicated elsewhere. [3] Thousand pieces. [4] Country and commodity totals differ because of rounding.

Ecuador

Its "ABC" Products Have Lead Roles In Agricultural Export Trade

Horvesting ond morketing bononos—Ecuodor's third lorgest ogriculturol export next to cocoo products ond coffee.

Ecuador may be more renowned today for petroleum exports—and its rank as the 10th largest oil supplier to the United States—than for the farm products that once formed the backbone of its export trade. Yet nearly 40 percent of the country's export earnings still come from the "ABC" commodities—abaca, bananas, coffee, and cocoa. Like petroleum, these products find their largest market in the United States, which last year took more than half of the $725 million export total for these four commodities.

Abaca. Ecuadorean production of this hard vegetable fiber began in the late 1930's, when a prominent Japanese abaca producer left Japan to avoid the hostilities then building among the major powers. Today, Ecuador ranks next to the Philippines as the world's leading producer of abaca—about 12,000 metric tons annually, against 60,000 for the Philippines.

In 1979, Ecuador shipped about $6 million worth of abaca fiber to the United States—the world's largest abaca market and outlet for more than 90 percent of Ecuador's total production.

Once valued largely as a fiber for lashings and ropes (manila hemp) used on trading vessels, abaca today enjoys more varied uses. Among these: Twine, mats, surgical clothing and supplies, tea bags, and high-quality paper such as stencils and disposable diapers.

Bananas. Last year, Ecuador produced about 2.5 million tons of bananas from 115,000 hectares and exported almost half that production. These exports totaled $198 million—10 percent of Ecuador's foreign exchange earnings—and were exceeded by shipments of both coffee, and cocoa products, whereas prior to 1972 they accounted for 60 percent or more of export trade. The petroleum bonanza that begun in 1972 and the upward spiral in prices of coffee and cocoa products have contributed to this diminished importance. In 1979, petroleum exports, both crude and derivatives, amounted to $1,018 million—up 66 percent from those in 1978.

Here again, the United States is Ecuador's best customer, last year importing 516,633 tons or half the country's banana exports. U.S. importers spent around $85.1 million on Ecuadorean bananas last year, $15.3 million more than in 1978.

Cocoa. Ecuador's production of cocoa in 1978/79 is estimated at 85,000 tons from some 166 million trees on 265,000 hectares. The leading agricultural export, cocoa beans and products last year earned some $272 million in foreign exchange. This amounted to 37 percent of Ecuador's farm exports and 14 percent of its total exports.

Among the main markets last year was the United States, receiving 33 percent of all cocoa exports versus 45 percent in 1978.

Ecuador's cocoa is a high-quality product, with several thousand tons of the premier grade—"fine flavor"—produced each year. This cocoa has long enjoyed premium prices, although the premiums are shrinking as end-users devise better ways of blending and marketing lower grade cocoa.

Beans as such once dominated Ecuador's cocoa trade, but recently cocoa products have gained ascendancy as processors have built new factories or expanded old ones to make cocoa butter, liqueur, and cake. These processors have been successful in bidding supplies away from bean exporters, with the result that cocoa products now account for 85 percent of export sales. Product exports during 1978/79, for instance, are estimated at 69,000 tons (bean equivalent).

Coffee. Production of coffee last year totaled around 85,000 tons from some 200 million trees on 246,000 hectares. Exports slipped to $247 million from the $285 million shipped in 1978. However, coffee still was the third largest export earner next to petroleum and cocoa products, with 33 percent of the value of all agricultural exports and 13 percent of total exports.

The United States received 60 percent of these exports and 45 percent of Ecuador's total coffee production.—*By Lloyd I. Holmes, U.S. Agricultural Attaché, Quito.* □

TRADE BRIEFS

Blue Mold To Reduce Tobacco Exports in Caribbean; U.S. Crop Faces Potential Danger

Serious outbreaks of blue mold disease indicate heavy tobacco crop losses in Honduras, Nicaragua, Guatemala, Dominican Republic, Cuba, and Jamaica. As a result, tobacco exports (leaf and products) from these countries are forecast to be well below normal in 1980. In fact, Cuba is not expected to export any tobacco this year because its crop—mainly cigar leaf—has been almost completely destroyed by the disease. In 1979, blue mold caused an estimated $250-million loss to U.S. and Canadian farmers and the disease again has been reported in Florida in early 1980. Farmers in most U.S. tobacco-producing regions have been warned to watch their tobacco seedbeds carefully because the disease is most efficiently controlled in the seedbed stage. Weather conditions during April-June will be the major factor in determining whether the U.S. crop will be damaged by blue mold in 1980. Blue mold is spread by airborn spores and can be carried by wind as far as 200 miles in a single day.

Taiwan Constructs Giant Grain Silo

A giant silo with a capacity of 80,000 tons—reportedly one of the largest grain silos in Southeast Asia—was scheduled to open in February in Taiwan's southern port of Kaohsiung. The $17.4 million silo is a joint venture by about 200 importers of corn, wheat, and soybeans. U.S. agricultural exports to Taiwan jumped 34 percent in fiscal 1979 to $977 million, including $314 million of soybeans, $259 million of corn, and nearly $100 million wheat and wheat flour.

Increased Domestic Output May Cut Egypt's Imports of U.S. Broilers

Because of anticipated larger domestic production, Egypt's total imports of broilers are expected to fall to about 20,000 tons in 1980, compared with an estimated 25,000 tons in 1979. That year, the Egyptian Government imported about 20,000 tons of broilers, including about 14,000 tons from the United States under the Commodity Import Program (CIP) of the Agency for International Development (AID). In addition, private importers purchased about 5,000 tons, including 3,000 tons from the United States. In 1980, Egypt's broiler imports under the CIP will likely be in the range of 10,000 to 15,000 tons. Primary competitors of the United States in this market are Brazil, Greece, the Netherlands, and France.

Japan, China Join In Venture To Expand Chinese Soybean Area

A joint venture project between a Japanese firm and China's Ministry of State Farm and Land Reclamation has been contracted to reclaim 20,000 hectares in Heilongjiang to grow soybeans and wheat. Heilongjiang is China's major producer of soybeans for commercial uses and export. The recent joint venture project is reportedly the first agricultural project in China to be financed by loans from a foreign firm. The loans, with interest, will be repaid with soybeans grown on the reclaimed land.

U.S., China Agree on Exchange of Teams

The United States and the People's Republic of China (PRC) recently agreed on the exchange of 10 teams of agricultural scientists in 1980, to be followed by more projects involving scientific and technological cooperation in the years ahead. Besides the team visits, seven nonreciprocal visits and the completion of a 1979 U.S. animal health and veterinary science reciprocal visit are planned. The team exchanges will involve studies of the organization and operation of agricultural education and extension systems; methods of collecting, handling, and interpreting agricultural data; germ plasm collection and improvement; biological pest control practices; forestry management and improvement; soil and water conservation; nutrition; and farm equipment. In addition, both countries have agreed to formally establish a working group on U.S.-PRC agricultural scientific and technological cooperations.

West Germany Finds USSR Good Outlet for Dairy Breeding Stock

West Germany continues to find a good market for dairy breeding stock in the USSR as terms were reached recently for the shipment of 550 bred heifers to the Soviet Union in the next few months. There is a strong possibility that a second shipment for 1980 will be made later this year—the third year of a bilateral agreement covering West German dairy breeding stock to the USSR. Previous exports were 700 head in 1979 and 1,300 head in 1978.

U.S. Lettuce Exports To Netherlands Show Sharp Rise

U.S. exports of fresh and chilled lettuce to the Netherlands rose sharply during October 1979-January 1980, even though the Dutch produce high quality lettuce. On the value basis, U.S. lettuce exports to that market jumped to $410,508 during the 1979/80 period from $329,404 a year earlier while the increase in volume climbed to 704,114 tons from 641,466 tons. Although the Netherlands is considered a price conscious market, U.S. lettuce sold from $1.50 to $2 per head at retail outlets, depending on availability of local supplies.

American Food Fair In Japan Rings Up $21 Million in Sales

Some 1,117 registered buyers attended the 2-day American Food Fair at Fukuoka, located on Japan's southern tip. The late February food exhibit resulted in floor sales of $225,300 and generated $21,770,000 in projected sales for the ensuing 12 months. Sales figures indicate that cling peaches, almonds, beef, processed turkey products, soft drinks, and beer were the most popular items at the show that also featured 120 new-to-market products.

New FAS Assignments Around the World

Secretary of Agriculture Bob Bergland has appointed Turner L. Oyloe as agricultural counselor, Paris, succeeding Wayne W. Sharp, who has been reassigned agricultural counselor to the U.S. Mission to the European Communities (USEC) in Brussels. Sharp is replacing John E. Montel, who has been appointed agricultural counselor in Mexico City. Montel replaces Donald M. Nelson, Jr., now reassigned to the Office of the Special Trade Representative in Washington, D.C. Bergland also announced the appointment of James V. Parker as agricultural counselor in Buenos Aires, Argentina. Parker also will be responsible for Uruguay and Paraguay. The former agricultural counselor to Canada, Clancy V. Jean has been named to the same position in The Hague, the Netherlands, succeeding James A. Hutchins, Jr., who is retiring.

WORLD AGRICULTURAL DAYBOOK

APRIL

Trade/Technical Team Trips

U.S. Teams Overseas

Date	Team	To
Mar. 21-Apr. 1	National Renderers Association	London, Liverpool, Rotterdam
Mar. 30-Apr. 3	Cotton Council International	Italy, Belgium, France
Apr. 2-May 16	U.S. Maid of Cotton	Japan, Korea, Hong Kong, Singapore, India, West Germany, Greece, U.K.
Apr. 23-27	American Brahman Breeders judges	Guatemala
Mar. 30-Apr. 12	Forestry team	Brazil

Foreign Teams in the U.S.

Date	Team	To
Mar. 7-Apr. 2	Romanian flour team	Kansas, Colorado, New York
Mar. 22-Apr. 4	Yugoslav wheat trade mission	New York, Ohio, Illinois, Oklahoma, Louisiana, Missouri, Washington, D.C.
Apr. 1-26	American Soybean Association procurement mission from Taiwan	California, Arkansas, Tennessee, Kentucky, W. Virginia, Ohio, Wisconsin, Illinois
Apr. 6-24	Japanese animal health study team	California, Texas, Virginia, New York, Wisconsin, Minnesota, Washington State
Apr. 28-May 26	Pakistani wheat team	California, Oregon, Washington State, Nebraska, Kansas, Washington D.C.

Trade Fairs/Exhibits

Date	Event and lacatian
Apr. 12-14	Carib-USA (processed food exhibit); San Juan, P.R.
Apr. 22-24	U.S. red meat, poultry, and seafood solo exhibit, Tokyo.
Apr. 28-29	U.S. red meat, poultry, and seafood solo exhibit, Seoul.

Meetings

Date	Organization and location
Mar. 31-Apr. 2	OECD Committee for Agriculture, ad hoc group on feeding, Paris
Early Apr.	Mid-West Poultry Federation meeting; Minneapolis, Minn.
Apr.-May	FAO Banana Study Group, Rome.
Apr. or May	U.S.-Yugoslav Commercial Commission; Washington, D.C.
Apr. 1	International Science & Education Council-USDA Meeting; Washington, D.C.
Apr.9-11	UNCTAD Negotiating Conference on a Common Fund, Geneva.
Apr. 9-11	Inter-American Institute of Agricultural Sciences; San Jose, Costa Rica.
Apr. 9-13	Natl. Institute of Oilseed Products annual meeting; Los Palmos, Calif.
Apr. 9-15	FAO Intergovernmental Group on Oilseeds, Fats, and Oils; Rome.
Apr. 10-11	U.S.-Hungarian Economic-Commercial Commission Washington, D.C.
Apr. 21-22	OECD Working Party, Dairy Products, Paris
Apr. 14-17	American Soybean Association market development conference, Tokyo.
Apr. 14-17	International Seed Crushers Association meeting, Dakar.
Apr. 15	International Livestock Symposium; Milan, Italy
Apr. 15	Butter & Cheese Institute meeting, Chicago, Ill.
Mid-Apr.	Tanners' Council/Natl. Hide Association meeting; Key Biscayne, Fla.
Apr. 16-18	OECD Working Party, Meat, Paris.
Apr. 21	International Wheat Council, special committee, London.
Apr.21-25	World Tobacco Exhibition/Symposium, Nice.
Apr. 22 23	U.S.-Romanian Economic Commission, Washington, D.C.
Apr. 22-	U.S.-Romanian Agricultural Working Group, Washington, D.C.
Apr.28-30	World Food Council preparatory meeting, Rome.
Apr. 28-May 1	U.S.-Indian Subcommission on Agriculture, New Delhi
Apr. 28-May 2	Food Aid Committee, special meeting, London.

Correction: *Foreign Agriculture*, Feb. 1980, p. 18, third paragraph, fifth and sixth lines should read: "as well as corn and rice."

SUSTA Show Draws Record Number of Buyers

A record number of approximately 200 foreign buyers from 42 countries attended the fifth international food and agricultural trade show staged by the Southern United States Trade Association (SUSTA) in New Orleans. Some 90 U.S. exhibitors from 27 States were represented at the 3-day show in February.

"Our goal is to boost sales," said McMillan Lane, Commissioner of Agriculture and Industries for Alabama and the current SUSTA president, "SUSTA's 16 members account for roughly one-third of total U.S. agricultural exports each year—which was about $10 billion worth of products in fiscal 1979. We want to increase that figure in 1980."

SUSTA's 16 members include Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, Puerto Rico, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

The SUSTA show is the largest food exhibition held in the United States aimed solely at the export market, Lane said. The show provides a forum where both old and new exporters can meet directly with importers and discuss such specifics as foreign language labeling, special needs, ingredient specifics, and other details of interest to those dealing in the international market. Bank representatives were also on hand to explain financing for both U.S. exporters and foreign buyers.

Foreign buyers show interest in 'the incredible edible egg' and its products.

Among the items buyers were invited to sample were meat and meat products, nuts, poultry and poultry products, sauces, snack foods, food and beverage bases, seafood, cake mixes and decorating supplies, confectionary items, spices, and egg products.

Dehryl McCall, an international marketing specialist for Florida, says participation in the SUSTA show provides a great education for U.S. groups just getting involved in exporting. "They don't have to leave the country and contend with a foreign atmosphere and foreign language. They can come here and put up an exhibit and meet buyers from abroad without the expense of an overseas plane ticket and high-priced per diem abroad. It's a good way to give everyone an opportunity to export—especially medium and small companies."

The trade show, although SUSTA's most prominent international marketing activity, is by no means its only one. Working through its members' Departments of Agriculture, SUSTA helps put potential buyers in touch with U.S. suppliers; organizes and programs overseas trade missions and sales teams; and provides exporters and importers with information on market conditions, the transportation situation, and various regulations.

SUSTA coordinates many of its projects with the Foreign Agricultural Services (FAS) of the U.S. Department of Agriculture. FAS' Administrator Thomas R. Hughes was at the opening day ceremony in New Orleans. "SUSTA and the other regional organizations have a crucial job to do in terms of interesting more U.S. farmers and processors in exporting," Hughes said. □